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CHANGE PROTOCOL

- Any requirement for change or clarification should be addressed to the Document Owner, as defined in this policy, who will log the issue in the Issue Log.
- Company Secretariat/Compliance shall maintain the Issues Log.
- Issues must be collected via the Issues Log until the regular policy review date, at which point all identified issues with respect to this policy must be considered and addressed as part of the policy review and update process.
- Once the review has been finalised, all Divisional Heads must sign off on the changes made to this policy before it may be submitted to the Board of Directors for approval.

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1 PURPOSE

- 1.1 The purpose of this document is to clearly set out how CTSE will meet its Regulatory Obligations to manage potential, perceived or actual Conflicts.

2 INTRODUCTION

- 2.1 Under the FMA, CTSE holds an exchange licence to operate the CTSE Exchange and is therefore required, to the extent reasonably practicable, to do all things necessary to ensure that the market is fair, efficient and transparent.
- 2.2 CTSE has established an appropriate and effective internal governance process to identify Conflicts between its regulatory functions and its commercial services.
- 2.3 CTSE aims to record, adopt and implement effective and appropriate policies and measures to address the situation where a Conflict is identified.
- 2.4 CTSE has implemented the controls and procedures outlined below to manage any potential Conflict.
- 2.5 All CTSE Employees are responsible for complying with this Policy.

3 DEFINITIONS AND INTERPRETATION

3.1 Definitions

In this Policy, the following words have the following meanings:

CTSE	The Cape Town Stock Exchange Proprietary Limited (registration number: 2013/031754/07), a private company duly incorporated in accordance under the laws of South Africa and licensed as an exchange under the FMA, including any subsidiaries or associates;
Associate	has the meaning ascribed to it in section 67 of the FMA;
Audit Committee	the Audit and Risk Committee of CTSE;
Authorised User	has the meaning ascribed to it in the FMA;
Board	the duly elected and constituted Board of directors of CTSE;
CEO	CTSE's chief executive officer or managing director appointed by CTSE from time to time;
CFO	the chief financial officer or financial director of CTSE's, who is also a Senior Manager, appointed from time to time;
Chinese Walls	the internal information barriers covered by clause 7 below;
Client	any person to whom an Authorised User or Participant provides Securities Services and includes any person that acts as an agent for another in relation to those services, in which case it will include the agent or exclude the other person if the contractual

Companies Act	arrangement between the parties indicates this to be the intention; the Companies Act, 71 of 2008, as amended;
Compliance Committee	the committee appointed by the Board, in terms of the Exchange Rules to review and decide on particular matters in accordance with this Policy and the Exchange Rules;
Conflict	an actual, potential or perceived conflict of interest situation covered by section 4.2 below;
Conflicts Policy	CTSE's conflicts policy as set out herein;
COO	the chief operating officer of CTSE, who is also a Senior Manager, appointed from time to time;
CRO	the chief risk officer of CTSE, who is also a Senior Manager, appointed from time to time;
Director	a member of the CTSE board who is not an employee of CTSE, fulfilling the role of a non-executive director;
Employee	collectively a Director, employee(staff), agent, representative, consultant, or contractor of CTSE, its subsidiaries and associates;
Exchange	the exchange operated by CTSE in terms of the Exchange Licence;
Exchange Directives	shall have the meaning ascribed to it in the FMA;
Exchange Licence	the licence granted to CTSE by the FSCA to operate the Exchange in terms of the FMA;
Exchange Rules	the CTSE Exchange Rules and any amendments thereto, as approved by the CTSE Board and FSCA from time to time;
Executive Committee	the Executive Committee of CTSE, from time to time, which is required to report to the Board, consisting of at least the following Senior Managers: <ul style="list-style-type: none"> i. the CEO; ii. the CFO; iii. the COO; and iv. the Head of IRD;
FICA	the Financial Intelligence Centre Act, 28 of 2001;
FMA	the Financial Markets Act 19 of 2012 and any subordinate legislation including any regulations, notices or directives issued by the FSCA in terms of that Act;
FSCA	the Financial Sector Conduct Authority or its successor organisation established under the Financial Sector Regulation Act, 2017;
Compliance Officer	the Senior Manager appointed by CTSE to ensure compliance with regulatory, legal requirements as well as internal policies;
Immediate Family Member	includes any relative, spouse, or relative of the spouse of an Employee, and any other dependent or adult living in the same

	household as the Employee;
Independent Director	a Non-Executive Director with no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interests of CTSE. The assessment of independence should be made in accordance with the indicators provided in Section 94(4)(a) and (b) of the Companies Act 71 of 2008 and the Regulations, as amended from time to time and the King Code on Corporate Governance for South Africa, on a holistic, substance-over-form basis;
IRD	the Issuer Regulation Division of CTSE which carries out, <i>inter alia</i> , the day-to-day administration, management, enforcement and implementation of the Listing Requirements;
Issuer	has the meaning ascribed to it in the FMA;
Issuer Regulation Committee	the committee as set out in section 16 below;
Listing Requirements	each of the CTSE Equity and Debt Listing Requirements approved by the FSCA and as amended from time to time, whether by way of practice note or otherwise;
Participant	has the meaning ascribed to it in the FMA;
Regulatory Obligations	any obligation or duty that CTSE has in terms of, <i>inter alia</i> , the FMA, any FSCA directive or the Exchange Licence;
Related Party	has the same meaning ascribed to it in the Companies Act;
Restricted Recipient	<ul style="list-style-type: none"> i. a government official, including government employees and officials of any level, and their family and close associates, in relation to any government, government pension plan, government owned or controlled enterprise, supra-national organization, political party or candidate for office, anywhere in the world; or ii. principals, officers and employees of the FSCA, Prudential Authority and other regulatory organisations or of any other exchange;
Review Party	a party as set out in section 6.4;
Securities	<p>has the same meaning ascribed to it in the FMA and for the purposes of the Exchange;</p> <ul style="list-style-type: none"> i. the entire class or classes of an Issuer's ordinary share capital; ii. the entire class or classes of an Issuer's preference share capital; iii. debentures, bonds, notes, commercial paper and other fixed or floating interest instruments, <p>irrespective of their form or title, issued or authorised to be issued by a profit company;</p>
Securities Services	has the same meaning ascribed to it in the FMA;

Senior Managers	has the same meaning ascribed to it in the FMA and may include the COO, CFO and or the Head of IRD as the context indicates;
South Africa	the Republic of South Africa as constituted from time to time; and
Threshold Value	R1,000 (one thousand Rand) or such other amount set by the Board from time to time.

- 3.2 Where any term is defined within the context of any particular section in this Conflicts Policy, the term so defined, unless it is clear from the section in question that the term so defined has limited application to the relevant section, will bear the same meaning as ascribed to it for all purposes in terms of this Conflicts Policy, even though that term has not been defined in this interpretation section.
- 3.3 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words will prevail.
- 3.4 Where in terms of this Conflicts Policy, CEO permission is required, and it is the CEO himself who seeks to conduct the activity covered by this Policy, two other members of the Board shall be asked to give their permission for the CEO to act in accordance with this Policy.

4 CONFLICTS OF INTEREST

- 4.1 CTSE will make every effort to avoid Conflict in the conduct of its business, and this Policy has been put in place by CTSE to comply with Regulatory Obligations and to demonstrate how CTSE will deal with Conflicts, should any arise, from time to time.
- 4.2 Conflict covered in terms of this Conflicts Policy are those where:
- 4.2.1 Employees have any material beneficial interest in any relationship with CTSE, other than those arising by virtue of their appointment as an Employee. These may relate to a transaction, a service or any activity;
 - 4.2.2 CTSE's commercial objectives may appear to conflict with its Regulatory Obligations;
 - 4.2.3 an Employee is incentivised to act other than the best interests of CTSE or contrary to Regulatory Obligations;
 - 4.2.4 an Employee uses information he has obtained only by virtue of his relationship with CTSE to benefit himself or any Related Party;
 - 4.2.5 CTSE or Employees' actions could jeopardise the fair and transparent operation of the Exchange or the perception of the fair and transparent operation of the Exchange.
- 4.3 In particular the Conflicts Policy addresses the following areas:
- 4.3.1 the identification of the circumstances which constitute or may give rise to a Conflict entailing a material risk of damage to the interests of CTSE, its Employees, Authorised Users, Issuers or one or more other stakeholders; and
 - 4.3.2 procedures to be followed and measures to be adopted in order to manage such Conflict.
- 4.4 Criteria for identifying Conflict
- 4.4.1 For the purposes of identifying the types of Conflict that arise in the course of providing services and activities and whose existence may damage the interests of CTSE, CTSE will take into account, by way of minimum criteria, the question of whether CTSE or an Employee:

- 4.4.1.1 is likely to make a financial gain, or avoid a financial loss, at the expense of CTSE;
- 4.4.1.2 has a beneficial interest in an Authorised User or an interest in the outcome of a service or transaction or any activity provided by such Authorised User in respect of CTSE;
- 4.4.1.3 has a beneficial interest in an Issuer or an interest in the outcome of a service or transaction or any activity provided by such Issuer in respect of CTSE; or
- 4.4.1.4 has a financial or other incentive to favour the interest of a stakeholder or group of stakeholder over another.

4.5 Conflict procedures

- 4.5.1 In the event that any such Conflict should arise, the procedures set out below are designed to ensure that the relevant persons engaged in different business activities of CTSE involving a Conflict carry on those activities at a level of independence appropriate to the size and activities of CTSE and to the materiality of the risk of potential damage to the interests of shareholders.

4.6 Managing Conflict:

- 4.6.1 Conflict management is more than simply an obligation to disclose information. Proper conflict management involves having adequate arrangements in place to manage Conflict. Generally, three mechanisms are used to manage Conflict, namely:
 - 4.6.1.1 controlling Conflict;
 - 4.6.1.2 disclosing Conflict; and
 - 4.6.1.3 avoiding Conflict.
- 4.6.2 Disclosure alone will often not be enough to manage a Conflict.
- 4.6.3 These three mechanisms are covered in more detail in this Policy.

4.7 Controlling Conflict:

- 4.7.1 Controlling Conflict involves the following three steps:
 - 4.7.1.1 identifying the Conflict relating to the business;
 - 4.7.1.2 assessing and evaluating the impact of the Conflict; and
 - 4.7.1.3 deciding upon, and implementing, an appropriate response to the Conflict.
- 4.7.2 The appropriate response to controlling Conflict may be a combination of implementing internal controls and disclosures. CTSE has adopted the following internal controls for controlling Conflict:
 - 4.7.2.1 procedures for dealing with Authorised Users, Issuers and Securities (see section 5)
 - 4.7.2.2 decisions involving Review Parties (see section 6);
 - 4.7.2.3 Chinese Walls (see section 7);
 - 4.7.2.4 information and physical barriers (see section 8);
 - 4.7.2.5 general disclosure principles (see section 9); and
 - 4.7.2.6 organisational structures (see sections 10 to 16).

5 AUTHORISED USERS, ISSUERS AND SECURITIES

- 5.1 A decision to admit a new Authorised User to the Exchange or to accommodate the trading of new Securities on the Exchange are particular examples where it might be asserted that CTSE's commercial interests could conflict with Regulatory Obligations.
- 5.2 To address any potential Conflict that might be perceived in relation to admission decisions, CTSE will adopt written procedures governing admission decisions, which will ensure that these decisions are properly made.
- 5.3 In particular, the Compliance Officer will be involved in reviewing each application for admission as an Authorised User, and the representatives of the IRD will be involved in reviewing each application for admission of Securities to be traded in the CTSE Exchange, for compliance with the admission requirements in the Exchange Rules and/or Listing Requirements and will refer final admission decisions to either the Compliance Committee or Issuer Regulation Committee, respectively. A member of the Compliance Committee or Issuer Regulation Committee must recuse themselves from deciding on any matter tabled where they are conflicted in any way.

6 DECISIONS INVOLVING REVIEW PARTIES

- 6.1 CTSE has identified Review Parties in relation to which a potential Conflict could arise going forward.
- 6.2 Review Parties will have a material connection with, or likely to be in competition with, CTSE and in relation to whom CTSE might be seen to have a commercial interest in showing them favour or disfavour when making decisions under the Listing Requirements or Exchange Rules.
- 6.3 Any such favour or disfavour by CTSE would conflict with CTSE's duty to conduct its business in a fair, efficient and transparent manner.
- 6.4 Each of the following will be regarded as Review Parties for these purposes:
 - 6.4.1 a party who has a licence to operate a market or a clearing and settlement facility for Securities in South Africa in competition with CTSE or is in the process of obtaining such a licence from the FSCA;
 - 6.4.2 a party who holds a substantial shareholding (being more than 10%) in CTSE;
 - 6.4.3 a party in whom CTSE holds a substantial shareholding (being more than 10%);
 - 6.4.4 a party with whom CTSE has entered into or is negotiating a commercial arrangement that is material to CTSE;
 - 6.4.5 a Related Party of another party described in the preceding points;
 - 6.4.6 a party in whom an Employee has disclosed a personal financial interest in accordance with section 17 of this Conflicts Policy; and
 - 6.4.7 any other party CTSE designates as a Review Party due to the potential conflict between CTSE's commercial interests and its Regulatory Obligations.
- 6.5 Should CTSE interact with a Review Party with regard to making decisions in terms of the Listing Requirements or the Exchange Rules, depending on the nature of the interaction, as a first measure CTSE will avoid the conflict of interest. Where this is not possible, the conflict must be mitigated.

- 6.6 Mitigation measures may include one or more of the following:
- 6.6.1 segregation of duties;
 - 6.6.2 information or physical barriers;
 - 6.6.3 the establishment of additional Chinese Walls;
 - 6.6.4 referral to the Compliance Committee or Issuer Regulation Committee;
 - 6.6.5 disclosure to the extent required; and
 - 6.6.6 independent oversight or vetting.

7 CHINESE WALLS

- 7.1 Chinese Walls (information barriers) are internal arrangements restricting the movement of information within CTSE, allowing one group of staff to be insulated from information that gives rise to a particular conflict, so that CTSE is not affected by that Conflict. To be effective, these Chinese Walls must actually prevent information being passed from one group of staff to another.
- 7.2 CTSE operates a strict and robust Chinese Wall policy. In terms of this policy, the following principles apply:
- 7.2.1 Employees (excluding Directors) are not allowed, except with the approval of the CEO, to have responsibilities in more than one division of CTSE; and
 - 7.2.2 if Employees (excluding Directors) are formally transferred to another division within CTSE, this fact will be communicated to relevant Clients and/or market Participants (if appropriate to the Employees' (excluding Directors) level and Client base).
- 7.3 Each division has separate filing systems (for both physical and electronic files), which are controlled either through being stored with proper security measures including being stored in locked facilities or with appropriate password control.
- 7.4 In particular, the Chinese Walls ensure that:
- 7.4.1 Employees, other than staff from the IRD and members of the Issuer Regulation Committee and Compliance Committee to the extent applicable, are not aware of any Issuer activities not in the public domain; and
 - 7.4.2 the activities of any division are not known to any of the other CTSE divisions in detail so as to cause a Conflict or to appear to cause a Conflict.
- 7.5 Remuneration policy:
- 7.5.1 The the nature and extent of remuneration is carefully considered and in particular Employees are not paid commission for:
 - 7.5.1.1 the introduction, retention or termination of new Authorised Users; or
 - 7.5.1.2 any specific Issuer related corporate activity transaction.
 - 7.5.2 Nothing in this Policy may be interpreted to prohibit Employees from being incentivised or rewarded on the overall performance of CTSE.

8 INFORMATION AND PHYSICAL BARRIERS

- 8.1 Information barriers and, where necessary, physical barriers are to be put in place to ensure that physical access to hard copy information and electronic access to soft copy information are quarantined, as required, within the IRD, so as to protect confidential information relating to compliance or enforcement matters.
- 8.2 If such information is to be shared outside of the IRD, it is to be done in accordance with CTSE's organisational and departmental policies and procedures. For example, IRD staff will participate in, and share information with, a number of internal governance and/or committees (e.g. the Audit Committee and Compliance Committee). IRD staff will also have extensive interaction with staff from other divisions on a range of issues. These will include day-to-day operational issues and other matters, such as potential new products or other projects and initiatives that may raise Exchange Rule compliance issues. In having these interactions, IRD Employees will be conscious of their confidentiality obligations and will be required to only discuss confidential matters of a regulatory nature with other staff on a strict 'need to know' basis.
- 8.3 None of the following files may be left lying around allowing unauthorised people or other divisions to copy, extract information from or view them:
 - 8.3.1 any files containing information relating to Authorised Users, Issuers, their Clients, their particulars, fee arrangements, mandates, orders or trades;
 - 8.3.2 any files containing information on transactions, Authorised Users or Clients identified for or being the subject of a market surveillance investigation;
 - 8.3.3 any files relating to trades, whether completed or not;
 - 8.3.4 any information relating to research in progress, not yet authorised for general distribution;
 - 8.3.5 accounting and financial information, especially information relating to profitability, margins and the like;
 - 8.3.6 strategically sensitive information such as, but not limited to, marketing strategies;
 - 8.3.7 personnel files and human resources type confidential information; and
 - 8.3.8 any other documentation designated as such by the Board.
- 8.4 In addition to the physical separation of files for the divisions, it is important that only the following will be granted access to such documentation or electronic files:
 - 8.4.1 Board members;
 - 8.4.2 the CEO;
 - 8.4.3 Employees of that particular division;
 - 8.4.4 regulatory bodies such as the FSCA;
 - 8.4.5 CTSE's external auditors;
 - 8.4.6 Risk and Compliance staff who report to the Compliance Committee, Audit Committee and Board directly and independently; and
 - 8.4.7 any other body with appropriate legal authority such as those with court orders (such as search warrants). Any inspections by authorised third parties should immediately be reported to the Board to decide what additional action should be taken. Should the Board feel that there are grounds for any other person to be given access to such information the Board may authorise this after taking into account:
 - 8.4.7.1 the nature and reasons for such a request;
 - 8.4.7.2 the person to whom this information would be made available; and

8.4.7.3 the interests of any Clients that may be compromised, whether actually or potentially, through such disclosure.

- 8.5 Should the Board, after taking these factors into account, decide to allow such access, the Board should consider informing affected Clients of the Board's decision and the reasons therefore, unless precluded from doing so by law.

9 GENERAL DISCLOSURE PRINCIPLES:

- 9.1 CTSE ensures that Authorised Users, Issuers and Clients are adequately informed about any Conflict that may affect the provision of financial services to them. Disclosures made to these:
- 9.1.1 are made on a timely basis, allowing the Authorised User, Issuer or Client a reasonable time to assess the impact of the Conflict;
 - 9.1.2 are prominently shown and not hidden in small print or otherwise obscured;
 - 9.1.3 are specific and meaningful to the Authorised User, Issuer or Client in the sense that they provide enough detail in a clear, concise and effective form to allow others to make an informed decision about how the Conflict may affect the service being provided to them – excessive disclosure aimed at confusing Authorised Users, Issuers and Clients is to be avoided;
 - 9.1.4 refer to the specific service to which the Conflict relates; and
 - 9.1.5 are focused on material Conflict.

10 ORGANISATIONAL AND REPORTING STRUCTURES

- 10.1 CTSE has a company-wide corporate governance framework led by the Board that find application throughout CTSE in terms of this Conflicts Policy. CTSE has *inter alia* been guided by the King IV Report on Corporate Governance and has adopted an approach it considers appropriate for the scope, scale and nature of its activities. The governance structure ensures that the Board and the Executive Committee implement appropriate internal monitoring and reporting systems, actively analyse current and required human, technological and financial resources, and ensures that risk management and compliance practices are appropriate. The governance framework will promote accountability and transparency of the decision-making practices of CTSE. More than half of the Board are and will remain to be South African residents.
- 10.2 The key participants in CTSE's governance structure are:
- 10.2.1 the Board, who will take ultimate responsibility for CTSE and ensure CTSE's compliance with the Exchange Licence and the FMA;
 - 10.2.2 the Executive Committee;
 - 10.2.3 the Audit Committee;
 - 10.2.4 the Compliance Committee;
 - 10.2.5 the Issuer Regulation Committee; and
 - 10.2.6 the Directors Affairs Committee

11 BOARD

- 11.1 The Board is responsible for the strategic direction and control of CTSE.
- 11.2 The Board will, amongst others:
- 11.2.1 be responsible for the strategic direction and control of CTSE;
 - 11.2.2 set the values to which CTSE will adhere;
 - 11.2.3 ensure that its conduct and that of the CEO, Senior Managers and CTSE staff align to its values and is adhered to in all respects of its business;
 - 11.2.4 inform the FSCA as soon as it becomes aware of any matter that may pose systemic risk to the financial markets;
 - 11.2.5 promote a stakeholder inclusive approach to governance;
 - 11.2.6 consider on recommendation from the Compliance Committee, Exchange Rules and Exchange Directives and, where appropriate, to issue, amend or withdraw these, with the consent of the FSCA, and to ensure that these are communicated, implemented and enforced in terms of the FMA and the Exchange Licence;
 - 11.2.7 consider, only on recommendation from the Issuer Regulation Committee, Listing Requirements and where appropriate to issue, amend or withdraw these, with the consent of the FSCA, and to ensure that these are communicated, implemented and enforced in terms of the FMA and the Exchange Licence; and
 - 11.2.8 consider the Audit Committee's recommendations and, where appropriate, approve the appointment of the CFO and ensure that such an appointment complies with the FMA.
- 11.3 The Board is elected by shareholders in accordance with the memorandum of incorporation of CTSE.
- 11.4 The quorum for Board meetings is a majority of Directors either present physically or by electronic communication.
- 11.5 Board meetings are chaired, subject to the memorandum of incorporation, by the chairperson who is elected by the Directors.
- 11.6 The Board meets as and when required, but no less than four times a year.

12 THE CEO

- 12.1 The CEO is responsible for the day-to-day management of CTSE with the assistance of other members of the Executive Committee.
- 12.2 The CEO reports to the Board.
- 12.3 The CEO may be a Board member.
- 12.4 The key responsibilities of the CEO are to:
- 12.4.1 take ultimate responsibility for the executive management of CTSE;
 - 12.4.2 lead the development and execution of CTSE's strategy;
 - 12.4.3 take ultimate responsibility that CTSE and its Employees comply with the FMA, the Exchange Licence and any other obligations;

- 12.4.4 be responsible for business development and promoting CTSE amongst existing and potential Authorised Users, Issuers, Clients, the FSCA and other regulators, Employees and any other stakeholders;
 - 12.4.5 ensure effective, professional and appropriate communication with and between strategic stakeholders such as existing and potential Authorised Users, Issuers, Clients, the FSCA and other regulators, Employees and any other stakeholders;
 - 12.4.6 act as a direct liaison between the Board and the Executive Committee; and
 - 12.4.7 manage, supervise and develop all direct reports including, *inter alia*, the CFO, COO and Head of IRD and all other staff of CTSE indirectly.
- 12.5 The Board appoints the CEO, subject to ratification by the shareholders of CTSE.

13 EXECUTIVE COMMITTEE

- 13.1 The Executive Committee (other than the CEO) reports to the CEO and is responsible for the day-to-day management of CTSE.
- 13.2 The Executive Committee shall be comprised of at least the following members:
 - 13.2.1 the CEO (see further details in section 12);
 - 13.2.2 the COO;
 - 13.2.3 the Head of IRD; and
 - 13.2.4 the CFO.
- 13.3 The quorum for Executive Committee meetings is the majority of members, and all of Executive Committee meetings are chaired by the CEO or in his absence by another of the members elected by the majority of the remaining members.
- 13.4 The Executive Committee meets as and when required but no less than once a quarter.

14 AUDIT COMMITTEE

- 14.1 The Audit Committee reports to the Board and is responsible for:
 - 14.1.1 oversight and review of the financial, operational, compliance and risk management of CTSE's activities;
 - 14.1.2 ensuring the integrity of the financial reporting process which shall include the Audit Committee annually attending to and executing the annual report;
 - 14.1.3 risk management system;
 - 14.1.4 internal reporting and controls;
 - 14.1.5 compliance with the FMA and Exchange Licence; and
 - 14.1.6 management of strategic and major financial and operational risks including the external audit process.
- 14.2 The Audit Committee has all powers necessary to fulfil its mandate including broad powers to require input from Employees and auditors.

- 14.3 The Audit Committee consists of at least three Independent Directors with substantial relevant professional experience.
- 14.4 The chairperson of the Audit Committee must be an Independent Director who is not the Chairperson of the Board.
- 14.5 The quorum for Audit Committee meetings is a majority of members.
- 14.6 The Audit Committee meets as and when required but no less than twice a year. On written request by the FSCA, CTSE will also provide minutes and other reports from the Audit Committee to the FSCA.
- 14.7 The Audit Committee may invite the CEO, CFO, COO, CRO or Head of IRD and/or the engagement partner of CTSE's auditors to any of its meetings or any part thereof, but they will not have voting rights.
- 14.8 Employees are prohibited from attempting to influence members of the Audit Committee from performing their roles and any instance of this conduct must be escalated immediately to the Compliance Officer and to the CEO and, through them, to the Board. This is to ensure that relevant compliance and enforcement decisions are made exclusively by the Audit Committee, rather than by commercially driven divisions of CTSE.

15 COMPLIANCE COMMITTEE

- 15.1 The Compliance Committee serves to balance the Conflicts between the commercial interests of CTSE with its compliance with the FMA (including Board Notice 1 of 2015) and its Exchange Licence conditions.
- 15.2 The Compliance Committee shall report to the Board and be responsible for CTSE's self-regulation which shall include, *inter alia*:
 - 15.2.1 responsibilities in terms of the Exchange Rules:
 - 15.2.1.1 advising the Board on the rules, procedures and exchange directives and any matters arising therefrom;
 - 15.2.1.2 informing the FSCA as soon as it becomes aware of any matter that may reasonably pose systemic risk to the financial markets, if not reported to the FSCA by the CEO or Senior Management;
 - 15.2.1.3 reviewing decisions of the CEO and the Senior Managers on an ad hoc basis in accordance with the rules and the procedures, including an act or omission dealing with:
 - 15.2.1.3.1 temporarily modifying, restricting or suspending an Authorised Users' access to the Exchange; and
 - 15.2.1.3.2 disputes with or between Authorised Users;
 - 15.2.1.4 supervising compliance by Authorised Users with the rules, procedures and exchange directives;
 - 15.2.1.5 supervising compliance with the FMA by Authorised Users and to report any non-compliance to the FSCA to assist the Registrar in enforcing the FMA;
 - 15.2.1.6 fair and consistent enforcement and disciplinary action of Authorised Users, imposing appropriate sanctions for non-compliance and allowing the Issuer Regulation Committee to hear and adjudicate on any appeals against acts and

omissions of the Compliance Committee; and

15.2.1.7 hearing and adjudicating on any appeals against the acts and omissions of the Issuer Regulation Committee, as set out in the Listing Requirements,

15.2.2 additional responsibilities include:

15.2.2.1 reporting to the Board and Audit Committee on request from either the Board or Audit Committee on:

15.2.2.1.1 compliance by the IRD and the Issuer Regulation Committee with the Listing Requirements;

15.2.2.1.2 whether CTSE has cooperated with the FSCA and other applicable regulators to investigate and enforce the applicable laws and regulations;

15.2.2.1.3 whether CTSE has appropriately managed actual and perceived Conflict in relation to its self-regulation and oversight functions and has avoided using its regulatory authority to allow itself or any Authorised User to gain an unfair advantage; and

15.2.2.1.4 whether CTSE has followed professional standards of behaviour on matters such as confidentiality and procedural fairness in performing its self-regulation and oversight activities; and

15.2.2.2 considering and, if appropriate, recommending to the Board, the appointment of and terms of appointment for any directors or Senior Managers, if such an appointment complies with the FMA.

15.3 The Compliance Committee has all powers necessary to fulfil its mandate including broad powers to require input from Board members, the CEO, Senior Managers and staff as well as those of the Authorised Users.

15.4 The Compliance Committee consists of a minimum of three Independent Directors;

15.5 The Board will appoint appropriately qualified persons to a panel from which reserve members of the Compliance Committee will, when required, be drawn.

15.6 The quorum for Compliance Committee meetings is a majority of non-conflicted members.

15.7 Compliance Committee meetings are chaired by a member who the Compliance Committee will elect for a one year term who must be an independent non-executive director. In the absence of the permanent chairperson, the other independent non-executive director will be chairperson of the Compliance Committee meeting.

15.8 Compliance Committee members should promptly excuse themselves if they have a Conflict and the Chairperson of the Compliance Committee will draw a replacement from the reserve panel (as outlined in section 15.5).

15.9 The Compliance Committee meets as and when required but no less than once a year.

15.10 CTSE Employees are prohibited from attempting to influence members of the Compliance Committee from performing their roles and any instance of this conduct must be escalated immediately to Compliance Officer and to the CEO and, through them, to the Board. This is to ensure that relevant compliance and enforcement decisions are made exclusively by the Compliance Committee, rather than by commercially driven divisions of CTSE.

16 ISSUER REGULATION COMMITTEE

- 16.1 The Issuer Regulation Committee serves to balance the conflict of interests between the commercial interests of CTSE and the compliance of Issuers with the Listing Requirements.
- 16.2 The Issuer Regulation Committee shall report to the Board and be responsible for, inter alia:
- 16.2.1 advising the Board on the Listing Requirements and any matters arising therefrom;
 - 16.2.2 approving, suspending or removing any Issuer from being listed on the Exchange in compliance with the Listing Requirements on conditions the Issuer Regulation Committee deems appropriate;
 - 16.2.3 reviewing decisions of the IRD on an ad hoc basis in accordance with the Listing Requirements including an act or omission dealing with:
 - 16.2.3.1 temporary suspension of Issuers; and
 - 16.2.3.2 disputes with or between Issuers;
 - 16.2.4 informing the FSCA as soon as it becomes aware of any matter that may pose systemic risk to the financial markets;
 - 16.2.5 supervising compliance with the FMA by Issuers and to report any non-compliance to the FSCA to assist the FSCA in enforcing the FMA;
 - 16.2.6 fair and consistent enforcement and disciplinary action of Issuers, imposing appropriate sanctions for non-compliance and allowing the Compliance Committee to hear and adjudicate on any reviews and appeals against acts and omissions of the Issuer Regulation Committee; and
 - 16.2.7 hearing appeals from Authorised Users against acts and omissions of the Compliance Committee as set out in the Exchange Rules.
- 16.3 The Issuer Regulation Committee has all powers necessary to fulfil its mandate including broad powers to require input from CTSE's directors and staff as well as those of Issuers.
- 16.4 The Issuer Regulation Committee consists of:
- 16.4.1 a minimum of three Independent Directors; and
 - 16.4.2 other ad-hoc members based on particular skills (e.g. industry experience) when required.
- 16.5 The quorum for Issuer Regulation Committee meetings is a majority of non-conflicted members.
- 16.6 Issuer Regulation Committee meetings are chaired by a member who the Issuer Regulation Committee will elect for a one year term. If the elected Chairperson of the Issuer Regulation Committee is absent the remaining Issuer Regulation Committee members will elect a chairperson for that meeting by majority vote.
- 16.7 The Issuer Regulation Committee meets as and when required but no less than once a year.
- 16.8 Company Secretariat/Compliance will be responsible for maintaining a register of personal interests and a register of Review Parties.
- 16.9 Company Secretariat/Compliance is required to report any Conflict to the Audit Committee to consider and decide on any actions to be taken in relation to the Conflict.

17 DIRECTORS AFFAIRS COMMITTEE

- 17.1 The Directors Affairs Committee serves to balance the conflict of interests between the commercial interests of CTSE and the compliance of Issuers with the Listing Requirements.
- 17.2 The Directors Affairs Committee reports to the Board and is responsible for, inter alia:
- 17.2.1 monitoring progress with the implementation and achievement of the board's corporate governance objectives and determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the Company;
 - 17.2.2 assisting the Board in ensuring that the Company is in compliance with all applicable laws, regulations and codes of conduct and practices;
 - 17.2.3 establishing and maintaining a Board Directorship Continuity Programme entailing a review of the performance of and planning for successors to the executive directors;
 - 17.2.4 being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
 - 17.2.5 before making a recommendation for a new Board appointment, evaluating the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for the new appointment;
 - 17.2.6 providing support on succession planning. The Committee should consider succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future. In this regard, the Committee should satisfy itself that processes and plans are in place for orderly succession, for appointments to the Board and to senior management; and handle the succession plans for the Chairman of the Board, lead independent director (where applicable), the CEO and Executive Directors;
 - 17.2.7 on an on-going basis, but at least once a year, reviewing the Board structure, size and composition, (including skills, knowledge, experience, gender, age and race) to ensure that the Board is sufficiently diverse and has the necessary skills to competently discharge its duties having regard to the strategic direction of the Company. In the instances where the Committee determines that there is insufficient diversity with respect to race and gender, the Board shall set voluntary targets to meet the objective of race and gender diversity at Board level;
 - 17.2.8 keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
 - 17.2.9 ensuring that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- 17.3 The Directors Affairs Committee has all powers necessary to fulfil its mandate including broad powers to require input from CTSE's directors and staff.
- 17.4 The Directors Affairs Committee members and its Chairman are nominated by the Board and consists of a minimum of three non-executive Directors, the majority of which must be independent
- 17.5 The quorum for Directors Affairs Committee meetings is a majority of members.
- 17.6 Directors Affairs Committee meetings are chaired by an independent non-executive director. If the elected Chairperson of the Directors Affairs Committee is absent the remaining Directors Affairs Committee members will elect a chairperson for that meeting by majority vote.

- 17.7 The Directors Affairs Committee meets as and when required but no less than once a year.
- 17.8 Company Secretariat/Compliance will be responsible for maintaining a register of personal interests and a register of Review Parties.

18 GIFTS, ENTERTAINMENT ANTI CORRUPTION

- 18.1 CTSE does not condone the giving or receiving of gifts, other than of a personal or nominal nature. CTSE intends to act with the highest regard as to standards of integrity and honesty in all it does, thereby ensuring that Clients have confidence when entrusting their business to it. CTSE recognises that corruption has an adverse effect on communities wherever it occurs. CTSE is therefore committed to enforcing high moral and ethical standards in all its business activities. CTSE believes that business success should depend on a fair and open assessment of its products and services rather than being reliant on illegal, unauthorised and/or unorthodox gratifications/payments provided to or by Employees.
- 18.2 The following guidance notes are provided to assist Employees in deciding whether a proposed gift would be contrary to the above philosophy.
- 18.2.1 It is important to note that the Policy is to be applied to all Employees, and further, all Employees are to ensure that they are aware of the Policy as they may be held accountable for an action undertaken by Immediate Family Members.
- 18.2.2 In general terms, Employees may not give or receive a gift (or entertainment) with a monetary value in excess of Threshold Value in the course of discharging their CTSE roles and duties without the express permission of the CEO. The giving or receiving of a gift (and entertainment) is to include the promise of the giving or receiving. Even where the item has not changed hands, but an expectation of receipt is created, a gift will be deemed to have been made or received if above the Threshold Value.
- 18.3 The following list is a list of examples of gifts that may be offered, and must be considered as forming part of this Policy:
- 18.3.1 money, whether in cash or otherwise;
- 18.3.2 any donation, gift, loan, fee, reward, valuable security, property or interest in property of any description, whether movable or immovable, or any other similar advantage;
- 18.3.3 the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;
- 18.3.4 any office, status, honour, employment, contract of employment or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;
- 18.3.5 any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- 18.3.6 any forbearance to demand any money or money's worth or valuable thing;
- 18.3.7 any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;
- 18.3.8 any right or privilege;
- 18.3.9 any real or pretended aid, vote, consent, influence or abstention from voting;

- 18.3.10 any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage; or
- 18.3.11 any provision of meals, travel, or accommodation or entertainment.
- 18.4 A reference in this Policy to accept or agree or offer to accept any gratification includes to:
 - 18.4.1 demand, ask for, seek, request, solicit, receive or obtain;
 - 18.4.2 agree to demand, ask for, seek, request, solicit, receive or obtain; or
 - 18.4.3 offer to demand, ask for, seek, request, solicit, receive or obtain any gratification.
- 18.5 A reference in this Policy to give or agree or offer to give any gratification includes to:
 - 18.5.1 promise, lend, grant, confer or procure;
 - 18.5.2 agree to lend, grant, confer or procure; or
 - 18.5.3 offer to lend, grant, confer or procure such gratification.
- 18.6 Any person:
 - 18.6.1 who is party to an employment relationship with CTSE or any of its affiliated companies and who, directly or indirectly, accepts or agrees or offers to accept from any other person any unauthorised gift, whether for the benefit of that person or for the benefit of another person; or
 - 18.6.2 who, directly or indirectly, gives or agrees or offers to give to any person who is party to an employment relationship any unauthorised gratification, whether for the benefit of that party or for the benefit of another person, in respect of that party doing any act in relation to the exercise, carrying out or performance of that party's powers, duties or functions within the scope of that party's employment relationship,

is guilty of the offence of receiving or offering an unauthorised gift may be found guilty of the offence of corruption.
- 18.7 This misconduct may, subject to the normal disciplinary procedures in place and depending on the severity of the act of corruption lead to summary dismissal.
- 18.8 There will be a presumption of wrongdoing in any such action that has not been fully disclosed to the in a transparent and honest manner as set out in this Policy.
- 18.9 No Employee must offer any benefit, of any value, to a Restricted Recipient, without prior approval from the Board. This includes offering or providing entertainment to a Restricted Recipient, or inviting a Restricted Recipient to a seminar or conference.

19 GIFTS, LUNCHES, SPORTS EVENTS, PLAY AND SOCIAL EVENTS ETC

19.1 Gifts

- 19.1.1 No Employee is ever to accept a gift from an actual, past or prospective Authorised User, Issuer, Client, or supplier or other business associate which is value received in excess of the equivalent of Threshold Value given to him/her as a consequence of his/her employment at CTSE or their role as a Director of CTSE.
- 19.1.2 Corporate gifts are, however, a part of business – especially around the festive season. This includes all Christmas gifts including diaries and calendars.
- 19.1.3 When CTSE is giving gifts to a supplier, regulator or Client, this should never be

excessive, so as not to create the impression that CTSE is buying favours.

19.2 Trips Away

- 19.2.1 Employees are never to accept a trip away in the course of discharging their duties as a CTSE Employee or in their role as a Director of CTSE where an Authorised User, Issuer or supplier pays anything towards transport, accommodation, drinks or entertainment.
- 19.2.2 In the event that an Employee feels that it does make business sense to go on a trip away, then he/she can motivate that CTSE picks up his/her costs for such a trip away.

19.3 Lunches, Sport Events, Plays, Social Events, etc.

- 19.3.1 Employees are, where applicable, encouraged to attend functions with Authorised Users, Issuers, business contacts and suppliers. But any event costing over the Threshold Value should be considered a gift if the Employee's attendance is directly as related to their role as a CTSE Employee. If the invited Employee believes that there is compelling business reason to accept an invitation in excess of the Threshold Value he may disclose this fact to the Compliance Officer and request the CEO's permission to either:
 - 19.3.1.1 contribute the excess value over the Threshold Value to the person extending the invitation himself; or
 - 19.3.1.2 have CTSE pay the excess value over the Threshold Value to the person extending the invitation.
- 19.3.2 At no time should any Employee go to a lunch or event with a business competitor by his/herself, irrespective of who issues the invitation, without permission. The invitation should be disclosed to the relevant Senior Manager and an appropriate person will then be asked to accompany him/her to the event. In the event of uncertainty, treat the invitation as having come from a competitor.
- 19.3.3 When CTSE is hosting an event for Authorised Users, Issuers, suppliers, regulators or Clients, this should never be excessive, so as not to create the impression that CTSE is buying favours.

19.4 Giving Benefits

- 19.4.1 No benefit should be given or offered with the intention of obtaining an improper business advantage, or where such a benefit could give rise to a Conflict.
- 19.4.2 Pre-approval from the relevant Senior Manager must be obtained before giving or offering benefits exceeding the Threshold Value. All benefits given to Clients or third parties, of any value, must be noted in a Gifts Register maintained by Company Secretariat/Compliance.

20 AVOIDING CONFLICTS

- 20.1 Some Conflicts have such a serious potential impact that the only way to adequately manage them is to avoid them. In such cases merely disclosing them and imposing internal controls is inadequate. CTSE has documented, in section 19.2 below, those types of Conflict that cannot be managed and Employees are not permitted to enter into such situations.
- 20.2 The following Conflicts are considered so significant that all Employees are to avoid them all together:
 - 20.2.1 no Employee may be an Employee of another FSCA regulated exchange; and

20.2.2 no Employee may have a beneficial or economic interest in any Authorised User.

21 WHISTLEBLOWING

21.1 “Whistleblowing” is the term used to describe the reporting of malpractice within a company by an Employee of that company. CTSE takes internal malpractice very seriously. Employees, Authorised Users, Issuers and Clients are encouraged to report any malpractice they encounter.

21.2 Malpractice for purposes of this Policy includes (but is not confined to):

21.2.1 a breach or contravention of the FMA, a FSCA regulation, the Exchange Licence, this Policy or similar transgressions;

21.2.2 a criminal offence or failure to otherwise comply with a legal obligation other than those of a petty or purely administrative nature;

21.2.3 a miscarriage of justice;

21.2.4 putting the health or safety of an individual in danger;

21.2.5 damage to the environment; and

21.2.6 deliberately concealing any of the above actions.

21.3 A qualifying disclosure is one which, in the reasonable belief of the person, suggests that malpractice has been, is being, or is likely to be committed.

21.4 If an Employee, Authorised User, Issuer or Client makes a qualifying disclosure, the Employee, Authorised User, Issuer or Client can be assured that their confidentiality will be respected, and they will be treated fairly and taken seriously. The Employee, Authorised User, Issuer or Client will be supported in their actions and protected from reprisals to the full extent possible by CTSE.

21.5 Whistleblowing Procedure

21.5.1 The purpose of the facility is to enable Employees, Authorised Users, Issuers or Clients or the public to report any unethical behaviour, fraud, and theft relating to CTSE, Issuers, Authorised Users or breach of the FMA by Clients. It is not a complaints line and it is not a platform which can be used to slander fellow Employees. Differences of opinion should still be openly discussed with the relevant Senior Manager and/or Executive Committee. This facility should only be used should an Employee, Authorised User, Issuer or Client feel that their safety would be compromised and/or they could be victimized, and the Employee, Authorised User, Issuer or Client does not feel comfortable discussing the issue with anyone else in CTSE.

21.5.2 The email address Tip-Offs@ctexchange.co.za has been created for the reporting of any incidents. Information will come through to the CEO, Compliance Officer and the Chairperson of the Audit Committee who will examine the merits of the case and put forth recommendations for a formal investigation and/or action.

21.5.3 Should the tip off or information involve the Chairperson of the Audit Committee, the person reporting the incident should email the tipoff to the Compliance Officer who will review the merits of the incident and take a decision as to further action required.

21.5.4 The main concern of all stakeholders is whether they will be identified and as a result be victimized or prejudiced in any way. To address this, the following options are suggested:

21.5.4.1 send an email from an external public site such as an internet café or from an email address which the Employee, Authorised User, Issuer or Client feels comfortable to: Tip-Offs@ctexchange.co.za; alternatively

21.5.4.2 send a letter via the postal system to CTSE's registered address.

Should any names of people reporting an issue be included on communications, the Chairperson of the Audit Committee will ensure these have been removed along with any other possible identifying material. A report will be recreated by Group Internal Audit for discussion action required.

- 21.6 If an Employee uses CTSE internet facilities, no cost will be incurred by the Employee personally. At this stage, if the Employee uses their own private telephone or facilities, they will incur the costs.
- 21.7 Feedback: As the information supplied to CTSE is anonymous, CTSE will not be able to provide feedback to the Employee, Authorised User, Issuer or Client unless the Employee, Authorised User, Issuer or Client opts for one of the following:
- 21.7.1 the Employee, Authorised User, Issuer or Client is prepared to provide CTSE with their name in which case CTSE can liaise directly with the Employee;
 - 21.7.2 the Employee, Authorised User, Issuer or Client provides CTSE with contact details of an external party with whom the Employee, Authorised User, Issuer or Client wishes CTSE to communicate; or
 - 21.7.3 the Employee, Authorised User, Issuer or Client asks for feedback to be sent to the originating email/address used by the Employee, Authorised User, Issuer or Client.
- 21.8 This initiative is one of the ways that CTSE is demonstrating its commitment to sound corporate governance.

22 PERSONAL TRADING

- 22.1 To better prevent insider trading and front-running, and to ensure the satisfaction of CTSE's fiduciary obligations to the Exchange and South African financial markets generally, CTSE has adopted certain restrictions on personal trading by Employees (excluding a Director) of CTSE.
- 22.2 No Employee (excluding a Director) shall acquire, directly or indirectly, beneficial ownership of any Securities listed on any exchange in a private placement or security in an initial public offering without the prior approval of the Compliance Officer. This approval shall take into account whether the opportunity is being offered to an Employee by virtue of his or her relationship with CTSE, the public at large, all affected Issuer shareholders and any other relevant factors.
- 22.3 An Employee (excluding a Director) shall not trade in a Security listed on any exchange, even for the purpose of closing out a pre-existing investment position, for a proprietary account or for the account of any person, if such Security has been recorded on CTSE's restricted list which will be updated from time to time.
- 22.4 Each Employee (excluding a Director) is required to identify to the Compliance Officer within 10 (ten) days of his/her initial hire date and thereafter at least annually, all Securities accounts which constitute proprietary accounts with respect to such Employee (excluding a Director). In addition, each Employee (excluding a Director) must immediately inform the Compliance Officer any time such Employee opens a new such brokerage or trading account.
- 22.5 Each Employee (excluding a Director) shall arrange for copies of all account statements relating to his or her proprietary accounts to be sent to the Compliance Officer at the end of every month that the Employee has actively traded in Securities listed on any Exchange.
- 22.6 Notwithstanding the provisions of this paragraph 22, Employees are still responsible for adhering

to the Insider Trading provisions of the FMA at all times.

23 PERSONAL INTERESTS OF EMPLOYEES

- 23.1 Board members are made aware of their disclosure duties and obligations in relation to Conflict at the time of joining CTSE and on an ongoing basis. Board members are required to disclose to the Board any material personal financial interests, such as being a director or a substantial shareholder of another company, which is applying to become, an Authorised User or Issuer. A Board member is also required to act in accordance with section 75 of the Companies Act if the Board member has a personal financial interest in a matter being considered by the Board. If a Board member becomes aware of an actual or potential Conflict, he or she must immediately notify the Company Secretary.
- 23.2 Staff: CTSE adopts a code of conduct setting standards of behaviour required of all staff including:
- 23.2.1 acting in the best interests of CTSE and with honesty, integrity and fairness;
 - 23.2.2 complying with the laws and regulations which apply to CTSE and its operations, including not participating in any illegal or unethical activity;
 - 23.2.3 not entering into any arrangement or participating in any activity that would conflict with the interests of CTSE, or would cause CTSE to breach or contravene its Exchange Licence obligations;
 - 23.2.4 not acting in a way which would be likely to affect CTSE's reputation negatively;
 - 23.2.5 not taking advantage of CTSE's property, information or one's position (or opportunities arising from these) for personal gain or to compete with CTSE; and
 - 23.2.6 not taking advantage of or misusing a third party's property or information.
- 23.3 If a staff member becomes aware of an actual or potential Conflict, they must immediately notify the Compliance Officer.

24 ANNUAL ASSESSMENTS

- 24.1 The Compliance Committee is required to annually assess the efficacy of the policies, processes and measures in terms of this Conflicts Policy.
- 24.2 The Compliance Committee is responsible for overseeing the preparation a conflicts of interest assessment report annually as required in terms of the FMA (Conflicts of Interest Assessment Report).
- 24.3 The Compliance Committee must ensure that annually the Conflicts of Interest Assessment Report is submitted to the registrar and published on the CTSE website, and any other media CTSE considers appropriate.

25 COMPLAINT PROCESS

- 25.1 A Client, Authorised User or any interested party may notify the CEO or a Senior Manager of any complaint regarding any Employee in relation to this Conflicts Policy. Where a complaint relates

to the CEO, the complainant may approach the Compliance Committee directly and this paragraph should be read accordingly.

- 25.2 The CEO or Senior Manager (or the Compliance Committee, if applicable) will consider a complaint as soon as reasonably practicable following the referral in terms of this paragraph.
- 25.3 In considering a complaint, the CEO or Senior Manager (or the Compliance Committee, if applicable) may make any enquiries relevant to the complaint, seek information from the relevant Client, Authorised Users or Employee and determine how the complaint will be considered.
- 25.4 The CEO or Senior Manager (assuming the complaint does not involve either of them) may take action against Employees and such action will be in accordance with labour law and if applicable civil or criminal law. The Conflicts Policy and a Code of Conduct will be built into each employment contract and thus if any staff member acts contrary to the Conflicts Policy, CTSE may proceed with legal action in terms of the labour law, civil law and criminal law, depending on the circumstances relating to the breach.
- 25.5 If the investigation involves the CEO, then the Compliance Committee, will take action against him/her as set out in this paragraph 24 and 25 below. The Exchange may still take action against the CEO in terms of his/her contract of employment and labour law.
- 25.6 If the investigation involves a Director the CEO or Senior Manager may investigate the matter and make a recommendation to the Compliance Committee. Notwithstanding this, the Exchange could still take action against the Director in terms of labour law, civil law and criminal law if he/she is also an employee of the Exchange.
- 25.7 The Compliance will finalise all investigations involving directors in terms of their letters of appointment as directors and decide whether or not to take action against.

26 POWERS TO IMPOSE PENALTIES AND SANCTIONS

- 26.1 The Compliance Committee may, impose a penalty of the kind described below, in relation to a contravention of this Conflict Policy.
- 26.2 The Compliance Committee may impose or utilise one or more of the penalties set out below:
- 26.2.1 a public statement outlining the contravention of the Conflicts Policy;
 - 26.2.2 disgorgement of any profit arising from the contravention of the Conflicts Policy;
 - 26.2.3 an order to pay the reasonable costs of the Compliance Committee; and/or
 - 26.2.4 in relation to executive directors a penalty not exceeding the previous year's salary and in relation to non-executive directors and committee members a penalty not exceeding twice the previous year's fees earned as a non-executive on the CTSE Board.
- 26.3 No provision contained in this Conflict Policy will limit the rights of CTSE against any person including Employees under an employment agreement or any similar agreement.

27 TRAINING

- 27.1 CTSE shall ensure that all CTSE staff members undergo training as to obtain a full understanding of the Conflict Policy, conflicts of interest in general and who the role players are.