Conflicts of Interest Policy

Effective Date:November 2025

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Conflicts of Interest Policy

VG MARKETS (PTY) LTD
Registration Number: 2024/244398/07
FSCA License: 54461
Regulated by the Financial Sector Conduct Authority (FSCA), South Africa
Registered Address: Norwich Place West, 2nd Floor, Cnr 5th and Norwich, Sandown, Sandton
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1. INTRODUCTION

"This Conflicts of Interest Policy is issued in accordance with the Financial Advisory and Intermediary Services Act, the General Code of Conduct, and **Board Notice 58 of 2010 (Conflict of Interest Requirements)**. It requires that when a provider renders a financial service, the provider and any representative must avoid, and where this is not possible, mitigate any conflicts of interest between the provider and a client or the representative and a client.

As an authorized Financial Services Provider (FSP No. 54461) regulated by the Financial Sector Conduct Authority (FSCA) of South Africa, **VG MARKETS (PTY) LTD** ("the Company" or "VG Markets") is responsible for taking all appropriate steps to identify and manage any conflicts of interest in its business that might arise. This document identifies the potential conflicts of interest that might arise and summarises the controls implemented by us to manage any such conflicts of interest. The Company is committed to maintaining the highest ethical standards and fully complying with its regulatory and legal obligations. Compliance with this policy is a requirement of the employment contract of every employee and any breach may lead to disciplinary proceedings, up to, and including, dismissal.

This Conflicts of Interest Policy outlines how VG Markets identifies, manages, and mitigates any actual, potential, or perceived conflicts of interest that may arise between the Company — including its directors, employees, agents, and associated persons — and its clients, or among clients themselves.

While disclosure may be used as a tool, it is considered a measure of last resort. The Company prioritizes avoidance and control of conflicts wherever reasonably possible.

2. RESPONSIBILITY

The **Chief Compliance Officer** is responsible for overseeing the implementation, oversight and effectiveness of this policy. They have full access to necessary resources, personnel, and systems to ensure compliance with internal procedures and external regulatory requirements.

All employees, directors, contractors, and associated persons are required to identify and report conflicts of interest promptly. Ultimate accountability rests with the Board of Directors.

This policy will be reviewed:

- Annually, or more frequently if required by regulation;

- Following material changes in business operations, services, or regulatory environment;
- In response to significant client complaints, breaches, or internal audit findings.

The Company may engage external compliance consultants to assist in the review or enhancement of this Policy at its discretion.

3. OVERVIEW

VG Markets operates exclusively under a **Straight-Through Processing (STP)** execution model. Client orders are routed directly to multiple global liquidity providers without interference, manipulation, or intervention by any internal dealing desk. This model inherently eliminates key conflicts of interest typical of market-making or dealing-desk models, such as trading against client positions or influencing execution prices.

Notwithstanding the above, the Company acknowledges that conflicts may still arise in areas such as remuneration structures, third-party relationships, or gifts and inducements. We therefore maintain a proactive and structured approach to conflict management based on three pillars:

- **Avoidance**: Through business model design and procedural safeguards.
- **Control**: Via organisational measures, segregation of duties, and monitoring systems.
- **Disclosure**: As a final measure where avoidance and control are insufficient to fully protect client interests.

The Company **prohibits any improper financial interest or relationship** that may reasonably be expected to **compromise the objectivity, independence, or impartiality** of the Company or any of its directors, employees, representatives, or associated persons in the performance of their duties or in the rendering of financial services to clients.

We maintain a Conflict of Interest Register that documents:

- Services or activities carried out by the Company or on its behalf where a material conflict has arisen, or which have posed a significant risk of harming the interests of one or more clients;
- Nature and source of each conflict;

- Measures implemented to manage or mitigate the risk;
- Whether disclosure was made.

The Company employs **real-time surveillance and monitoring technology** integrated into its trading infrastructure to detect unusual patterns indicative of potential conflicts.

Where internal controls are insufficient to ensure, with reasonable confidence, that client interests are protected, clear and timely written disclosure will be provided prior to the provision of services.

4. GIFTS AND INDUCEMENTS

VG Markets maintains a strict **Gifts and Inducements Policy** to prevent any actual or perceived impairment of objectivity.

No employee, director, or associated person may solicit, accept, or offer any gift, hospitality, loan, fee, reward, or advantage that could reasonably influence or be perceived to influence professional judgment or create an obligation.

Key provisions:

- Prior written approval from the Compliance Department is required for any gift, entertainment, or benefit with a value exceeding ZAR 1,500 (or foreign equivalent).
- All approved instances are recorded in the central **Gifts and Inducements Register**.
- Where prior approval is not practicable, full details must be reported to the Compliance within **three business days.**
- Cash or cash-equivalent items (including vouchers) are strictly prohibited. The Company's digital engagement model and lack of physical client interaction further limit opportunities for inappropriate inducements.

5. REMUNERATION

The Company's remuneration structures are designed to align employee incentives with fair client outcomes and long-term client relationships, not with transactional volume or client losses.

Key principles:

- **Client-facing staff (sales, retention, account managers)**: Remuneration will not reward behaviour that disadvantages the interests of clients in favor of the Company or other clients. Staff will be rewarded based on merit, client satisfaction, retention, compliance with service standards and long-term value-adding performance.
- **Back-Office and Support Staff**: Compensation is not correlated to business performance. Instead, the compensation is determined by the performance of the individual.
- **Senior Management & Traders**: Incentives are tied to overall firm profitability, risk management, regulatory compliance, and client protection metrics — not short-term profit derived from client positions.

All remuneration policies are reviewed periodically by Compliance and the Board.

6. BUSINESS INTERESTS AND SUITABILITY

Employees, directors, and associated persons must disclose any personal or financial interest that might conflict with their duties to the Company or its clients.

Mandatory disclosures include:

- Holding directorships or significant shareholdings in competing firms or fintech platforms
- Acting as trustee, power of attorney, or nominee for clients
- Engaging in external business ventures that relate to financial services

Such interests must be declared immediately upon onboarding and updated annually or whenever changes occur.

The Compliance Department conducts **quarterly attestations** requiring all staff to confirm the accuracy of their disclosures.

Where a conflict is identified, the individual must:

- Recuse themselves from related decisions or activities; or
- Follow a formal conflict management plan approved by Compliance

External business interests that conflict with the Company's operations require **prior written approval from the Board of Directors**.

7. RECORD KEEPING

The Company shall maintain the following records for a minimum of five years from the date of creation or last update:

- Conflicts of Interest Register
- Gifts and Inducements Register
- Employee disclosure forms and attestation records
- Compliance Committee meeting summaries (even if held irregularly)
- Internal audit findings related to conflicts
- Client disclosure notices

Records are stored securely in the Compliance Registers with controlled access. Digital backups are maintained with version control.

8. HOW TO USE THIS PROCEDURE

All personnel must refer to this Policy when any actual, potential, or perceived conflict arises.

Documentation related to conflicts — including file notes, email correspondence, compliance assessments, and client communications — must be retained with the relevant register entry.

When a new conflict is identified, the responsible employee must notify the Compliance Officer immediately. A formal entry will then be made in the Conflicts of Interest Register, followed by evaluation and action under Section 9.

9. CONTROLLING CONFLICTS OF INTEREST

Step 1 – Identification

A conflict of interest is considered to exist if, in relation to the provision of investment or ancillary services, the Company or a relevant person:

a) Makes a financial gain or avoids a loss at the expense of a client;

b) Has an interest in the outcome of a service or transaction distinct from the client's interest;

c) Has an incentive to favor one client or group over another;

d) Engages in the same business as the client;

e) Receives an inducement from a third party in connection with services to a client, beyond standard fees.

Relevant persons include directors, employees, tied agents, and outsourced service providers whose activities may affect client interests.

Step 2 – Managing Conflicts of Interest

VG Markets employs the following organizational and technical controls:

- **STP Execution Model**: No internal dealing desk; orders passed directly to multiple liquidity providers.
- **Information Barriers**: Strict segregation between departments handling client orders, compliance, liquidity providers management, and compensation.
- **Independent Supervision**: Staff involved in client-facing roles are supervised separately from those managing vendor relationships or system development.
- **Remuneration Decoupling**: No cross-departmental incentive linkage.
- **Real-Time Surveillance**: Automated alerts flag unusual trading patterns, latency discrepancies, or concentration risks that may suggest unfair advantage.
- **No Proprietary Trading**: The Company does not trade against clients or hold speculative positions in client instruments.
- **Vendor Neutrality**: Liquidity provider relationships are non-exclusive and subject to regular performance and fairness reviews.
- **Personal Account Rules:** Employees must pre-clear and report personal trades; no front-running or misuse of client information.

Additional measures include:

a) Maintenance of a centralized **Conflicts of Interest Register**, reviewed periodically by Compliance.

b) Enforcement of **personal account dealing rules** for employees' private investments.

c) Application of the **Remuneration Policy** ensuring alignment with client outcomes.

d) Logging of all gifts and inducements exceeding thresholds.

e) Prohibition of conflicting external business interests without Board approval.

f) Operation of an **in-house Compliance Department** reporting directly to the Board.

g) Convening of a **Compliance Committee** on an **as-needed basis** (not less than biannually) to assess emerging risks, review incidents, and evaluate policy effectiveness.

Step 3 – Disclosure

Where controls are insufficient to prevent potential harm to client interests, the Company will provide **clear, timely, written disclosure** in a durable medium before proceeding.

Disclosures will include:

- General nature and source of the conflict
- Risk to the client;
- Measures taken to mitigate the conflict;
- Enough detail for the client to make an informed decision.

The Company reserves the right to decline to proceed with a transaction or service if the conflict cannot be adequately managed, even after disclosure.

10. EMPLOYEE AWARENESS & ACKNOWLEDGMENT

All employees, contractors, and relevant third parties must:

- Read and understand this Policy;
- Acknowledge receipt and comprehension via signed declaration
- Report any actual or potential conflict to the Compliance Officer without delay

This policy is distributed electronically upon hire and re-circulated with every update. Employees must re-sign acknowledgment forms for revised versions.

Failure to comply may result in disciplinary action, up to and including termination and referral to the FSCA.

The Company reserves the right to amend this policy at any time to reflect changes in regulation, business practice, or risk profile. Client will be notified of material changes where required by law or contract.

Approved By:
Chief Compliance Officer
VG MARKETS (PTY) LTD

Date: November 2025

Document Retention Period: Minimum 5 years from date of supersession