

ANNEXURE A



CONFLICTS OF INTEREST COMMITTEE TERMS OF REFERENCE

Created by: A. Ross		
Additional Input: EXCO		
Reviewed by: T. Vermeulen		
Approved by: L. Rossouw	Version: 1.1	Date: 24 July 2019

1. INTRODUCTION

Granite Central Securities Depository (Granite CSD) has been registered as a Financial Market Infrastructure (FMI) under the Financial Markets Act, 2012 (FMA). Under the FMA, Granite CSD is required to create a compliance framework for its Central Securities Depository Participants (Participants) – which include monitoring and supervision of the FMA, Granite CSD Rules and Directives. In order to effect this, Granite CSD requires investigative and disciplinary powers outside of the ordinary commercial business of Granite CSD. This gives Granite CSD the role of a self-regulatory organisation (SRO) which means that certain conflicts of interest may be perceived or may arise as a result of Granite CSD performing its self-regulatory function.

In accordance with Government Gazette 1 of 2015 published under the FMA, a market infrastructure is required to establish and maintain a conflict of interest management framework. This requirement has been embraced by Granite CSD as we envisage the managing of actual and perceived conflicts of interest to be a key governance component of the business itself.

This is something that will always be actively managed between Granite CSD and its participants to ensure a level playing field and that Granite CSD remains accountable for the core activities of its business.

2. COMPOSITION

- > The committee shall comprise of at least the following:
 - ✓ Chairperson (to be elected annually by the committee)
 - ✓ At least one independent non-executive of the Board;
 - ✓ The Head of Risk and Compliance;
 - ✓ An independent industry expert.
- > The members of the committee can only be appointed by the Board and the members of the committee must be suitably qualified to perform their functions within the committee.
- > Committee members are appointed for a period of 2 years.

3. PURPOSE

The purpose of the committee is to:

- > Assess all perceived or actual conflicts of interest presented to it, decide whether such conflicts are material and then to make recommendations on how to best deal with an actual conflict of interest;
- > Operate independently without undue influence from management and the controlling body;

- > Ensure the perceived and actual conflicts of interest are managed in a manner consistent with the requirements of the registrar; and
- > That the activities of Granite CSD in respect of being an SRO are appropriately managed especially where perceived and actual conflicts of interest arise

4. FUNCTIONS

- > Examine, review and assess all actual and perceived conflicts of interest that arise during the course of business;
- > Make recommendations to the Board on all actual and perceived conflicts of interest in line with the conflicts of interest policy of the company;
- > Make recommendations that may include corrective action on the part of Granite CSD, directions to staff as to the use of confidential information acquired by Granite CSD in performing its supervisory function, disciplinary action against any employee in breach of their employment contract, undertakings to CSDP's as to how confidential information will be dealt with / used;
- > Compile an annual report on all actual or perceived conflicts of interest and how these were dealt with for the regulators and shareholders at the AGM.

5. AUTHORITY

- > The committee acts in terms of the authority delegated by the Board. It has the power to investigate any activity within this scope of reference.
- > The committee may call upon any person within Granite CSD to provide information should that be required by the committee;
- > The committee must have reasonable access to records of Granite CSD for the purposes of conducting an investigation.
- > The committee shall be entitled to review any document or record with management, and any outside professional as the committee deems fit

6. MEETINGS

- > The committee shall meet at least twice a year on pre-arranged fixed dates.
- > Special meetings may be held at the request of the chairman of the committee, any member of the committee or the Chief Executive Officer, or if a specific complaint over an actual or perceived conflict of interest has been made.
- > A representative of the FSCA may attend committee meetings;
- > The participants of Granite CSD shall have right to nominate a representative to be present at the meetings;
- > All attendees must give cognisance to any conflict of interest and recuse themselves from the meeting of the committee should that be necessary.

7. QUORUM AND VOTING

- > A representative quorum for any meeting is a simple majority;
- > Should a quorum not be present, the meeting may continue but must be ratified by a majority of the committee members.
- > All decisions of the committee are decided by a simple majority and each member has one vote.
- > Should there be a dead lock in voting the Chairperson shall have the deciding vote.

8. REPORTING AND EVALUATION

- > The Chairman of the committee is required to provide an annual report of the activity of the committee to the Board which must then be provided to the FSCA in terms of regulatory reporting requirements.
- > This annual report must be provided to the Controlling Body as well as shareholders as part of the Annual General Meeting.
- > The Chairperson must, on an annual basis, perform an evaluation of performance of the committee, its members and its activities and present this to the Board.

9. REVIEW

These terms of reference must be reviewed by the committee and should any amendments be required the amendments must be suggested to the Board and may be only be amended by a mandate from the Board.