



Conflicts of Interest Committee

CONFLICTS OF INTEREST REPORT

July 2020

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## 1. Board Notice 1 of 2015: CONFLICTS OF INTEREST

Board Notice 1 of 2015 and section 62 of the Financial Markets Act (FMA) prescribe –

- (a) The requirements with which the arrangements of market infrastructures to manage possible conflicts of interest must comply;
- (b) The manner in which a market infrastructure has to conduct an annual assessment in compliance with section 62.

The Schedule of Board Notice 1 requires a financial market infrastructure to have:

- > governance arrangements in place
- > Perform an annual assessment, and
- > Disclose any conflicts of interest

## 2. Introduction

Granite's Board has approved the Terms of Reference policy for the Conflict of Interest Committee establishment as a sub-committee of the Board of Directors.

The Board has also taken a decision that such a Committee will only be established as the CSD business grows. The functions of the Conflicts of Interest Committee will be fulfilled by the Granite Board until such time that the Board approves appointments of the committee members.

The formalization of the Conflicts of Interest Committee will be concluded in the 2020 / 21 financial period.

## 3. Terms of Reference of the Committee (Annexure A)

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 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 are appropriately managed especially where perceived and actual conflicts of interest arises;

The Terms of Reference Policy is attached as annexure A to this report.

#### 4. Composition of the Conflicts of Interest Committee

The composition of the committee will comprise of at least the following:

- > one independent non-executive director
- > The Head of Risk and Compliance
- > An independent industry expert

The committee members will annually elect a chairperson.

#### 5. Assessment Report

The Granite Executive Management team have reviewed the:

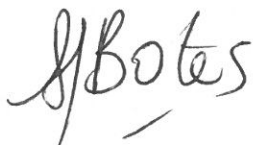
- > Internal governance process to identify potential conflict of interest
- > Terms of Reference policy

The current processes and documentation in place is regarded as efficient and appropriate to identify any potential, perceived or actual conflicts of interest between regulatory functions and its commercial services.

Granite employee confidentiality is governed through employment contracts and operational segregation is a system driven process.

A vacancy was recorded with the resignation of the manager of Legal, Risk and Compliance in October 2019. The vacancy did not create a crisis and the position will be filled as and when the business demands increases. The Head of Legal, Risk and Compliance has taken over most of the tasks of the resigned manager.

No perceived or actual conflicts of interest were reported to the Board for their further consideration.



**Camilla Botes**  
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