



CRATOSCAPITAL
INNOVATIVE WEALTH CREATION

www.cratoscapital.co.za

CONFLICT OF INTEREST POLICY

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INTRODUCTION

1. Cratos Pty Ltd (The “FSP” or “CRATOS” hereafter) is a private company registered in the Republic of South Africa under registration number 2009/003446/07. CRATOS is a registered Financial Services Provider (FSP no.41963).
2. Cratos is an authorized financial services provider who provides mainly non-discretionary trading services for equities and contracts for difference products. Cratos provides the infrastructure and research and trading systems to this type of client. Cratos uses Peresec Pty Ltd (JSE member) to execute the trades and systems for record keeping and trade reporting. Cratos also provides fully discretionary portfolio services to a small number of clients.
3. As a Financial Services Provider authorized by the Financial Sector Conduct Authority (“FSCA”), CRATOS offers financial services including Category I and II financial products not limited to but including investment products and options in South Africa.
4. CRATOS’s head office is located at 57 Smits Road, Dunkeld, Johannesburg. The current directors and owners are Clinton Banducci and Andrew Gray and they are Key Individuals.

GENERAL

5. This policy applies to Cratos (Pty) Ltd (“CRATOS”) and all its employees.
6. All employees must take all necessary steps to eliminate any practise and or situation that may create a conflict between the interests of the employee and those of an existing or potential client.
7. A conflict of interest is any situation where an FSP or an employee has an actual or potential interest that may in the rendering of a financial service to a client, influence the objective performance of their obligations to that client or where it prevents them from rendering an unbiased and fair financial service to that client, including but not limited to:
 - 7.1. Financial interest
 - 7.2. Ownership interest
 - 7.3. Any relationship with a 3rd party, including:
 - 7.3.1. A product supplier,
 - 7.3.2. Another provider,
 - 7.3.3. An associate of a product supplier or a provider,
 - 7.3.4. A distribution channel, and
 - 7.3.5. any person who in terms of an agreement or arrangement with a person referred to in 7.3.1 to 7.3.4 above provides a financial interest to a provider or its representatives.
8. Ideally, conflict of interest situations must be avoided. One main objective of this policy is to provide guidance on the behaviours expected in accordance with CRATOS standards. CRATOS must promote transparency and endeavour to avoid business-related conflicts of interests to ensure fairness in the interest of clients, CRATOS, its representatives, employees and associates.
9. Where it is not possible to avoid any act, action or reward that may create a potential conflict of interest, appropriate steps must be taken to mitigate the impact. It must also be appropriately disclosed to the client at the earliest reasonable opportunity. The facts of each situation will determine whether the interest in question is within the area of potential conflict. Such facts would include the amount of business involved, the extent to which the employee could influence the CRATOS’s decisions with respect to the transaction, and whether the interest is of such a nature that might affect the objectivity or the business judgement of the employee dealing with the client. This policy is also intended to set out the management of any such conflict of interest.

IDENTIFICATION

10. To adequately manage conflicts of interest, CRATOS must identify all relevant conflicts timeously. CRATOS employ two different mechanisms to ensure that all conflicts are identified:
 - 10.1. Compliance maintains a register of identified conflicts of interest; and
 - 10.2. this register is updated with all new conflicts as soon as they are identified.
11. The register is reviewed on an annual basis.

POSSIBLE CONFLICT OF INTEREST SITUATIONS

12. Personal Account Trading (“PA Trading”): CRATOS management believes that it is in the best interest of clients to deal with employees who are themselves experienced investors and willing to invest their own money in the products that CRATOS offers.
13. PA Trading however, if not carefully handled and monitored, has the potential to place the interests of employees and clients in conflict. For the sake of clarity, front-running of client orders, churning client accounts or any other trading practices that are deemed by management to be in contradiction of the conduct expected of CRATOS employees will be deemed conflicts of interest and will result in disciplinary action against the employee involved.
14. References in this section to “shares” should be read to include shares, ETFs, CFDs, options, warrants, debentures, futures, bonds, money market, unit trusts, foreign exchange.
15. Requirements in specific circumstances:
 - 15.1. Discretionary accounts: CRATOS portfolio managers may not trade for their own account ahead of trading in the same counters for discretionary accounts. This means on the same day and for 2 trading days prior to trading for discretionary accounts. For example, if a portfolio manager is adding Nike to client portfolios on a given Wednesday, the portfolio manager should not have concluded trades for his/her own account in the same counters on Monday or Tuesday and must instead wait until all client trades have been concluded before trading for his or her own account.
 - 15.2. Non-discretionary client accounts: employees must conclude all (known) trades for clients in a specific share before trading for his/her own account. If the trading is for a non-discretionary account (i.e. a trade on the instruction of the client), the representative must conclude all outstanding trades for clients before entering trades for his/her own account in the same counter.
16. If, for any reason, special circumstances arise where a CRATOS employee wishes to trade during periods prohibited in points 15.1 to 15.2 above, written approval of a CRATOS Key Individual is required before any trades take place. Such approval will only be given in exceptional circumstances.
17. Should a CRATOS employee be co-invested with clients in a managed product, for example, CRATOS’s unit trust or an Equity Index Basket (EIB), trading in this portfolio does not represent a conflict of interest.
18. Gift register: CRATOS staff are prohibited from accepting or offering any financial interests from or to a 3rd party once the threshold, as determined by the FAIS act, has been reached (currently R1000 per representative per annum). Declarations and a gift register is to be kept. Financial interest means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration other than-
 - 18.1. An ownership interest
 - 18.2. Training that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products
19. CRATOS may not offer any financial interest to its representatives, associates or clients for giving preference to the quantity of business secured for CRATOS to the exclusion of the quality of the service rendered to clients or giving preference to a specific product supplier.

MANAGING CONFLICT OF INTEREST

20. All employees, including compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify management of any conflicts they become aware of. Managers will escalate the conflict to the compliance officer who will assess the implications of the conflict and how the conflict should be managed.
21. Once a conflict has been identified it needs to be appropriately and adequately managed. Written disclosure of all potential conflicts of interest must be submitted to compliance. Compliance assesses each conflict, whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk.
22. Compliance and management will decide whether it is viable to go ahead with the transaction, or if the conflict is too severe to decline to act.
23. Should it be agreed that the conflict can be mitigated, they will need to agree on the controls to implement to manage the conflict.

RESOLVING CONFLICT OF INTEREST

24. The most important line of defence is the commitment by employees. All employees must familiarise themselves with the policy and always adhere to it. Once a conflict is identified, all parties concerned should be advised, subject to legitimate withholding of confidential information.
25. If a conflict can't be avoided, disclosure should be made.

MEASURE TO AVOID CONFLICT

26. There is a prohibition of external business interests conflicting with the services provided by CRATOS.

CONSEQUENCES OF NON-COMPLIANCE

27. All employees who do not comply with this policy will be subject to CRATOS disciplinary policies.

GENERAL STANDARDS OF CONDUCT

28. CRATOS and its employees must in the conduct of its business, observe high standards of integrity and fair dealing.
29. Employees may not knowingly circulate information which is false or misleading.
30. Employees may not knowingly support any attempt to manipulate the market or to influence persons for such a purpose.
31. Employees must conduct activities in a manner that is compatible with the objects of the Act and with full respect for the reputation of the JSE, FSCA and other supervisory bodies.
32. Employees must conduct activities in a manner that is compatible with the object of the FAIS Act and codes of conduct.
33. In dealing with clients CRATOS and its employees must:
 - 33.1. Act honestly and fairly;
 - 33.2. Act with due skill, care and diligence and in the interest of clients;
 - 33.3. Exercise independent professional judgement;;
 - 33.4. Act promptly on and in accordance with the instructions of a client, and exercise any discretion in a responsible manner; and
 - 33.5. Avoid conflict of interest and when they cannot be avoided, ensure fair treatment to clients by disclosure, confidentiality or declining to act.
34. CRATOS or its employees must not unfairly place its interest above those of its clients.

DISCLOSURES

35. CRATOS is not invested in any associate companies. CRATOS also does not hold any ownership interest in any other companies.
36. Representatives of CRATOS hold equity ownership in CRATOS which is fixed. These individuals form part of the Management Team / Investment Committee.
37. Conflict of interest is avoided as Reps do not have any interests which influence objective performance. Reps have no relationships with 3rd parties. No Commissions are paid to 3rd parties.
38. Below are the individuals and entities that maintain an ownership interest of CRATOS:

Name
AJ Gray
CL Banducci

AUTHORITY AND MANDATE

39. The Conflict of Interest Policy is approved by way of approved resolution of the CRATOS Board. The EXCO is responsible for the adherence to and implementation of this plan throughout the organization.

Sign off

Name: Clinton Banducci
Date: 13 September 2024
Position: Key Individual(s)

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