



ONBOARDING PROCESS

1. INTRODUCTION

- 1.1. FlareX FX (Pty) Ltd. (hereinafter "**FlareX**"), is an ODP duly authorised by the Authority to originate, issue, sell, and/or make a market in OTC derivatives in accordance with the Financial Markets Act (No. 19 of 2012), as amended, the regulations thereto, and subject to the conditions as set out in its license.
- 1.2. FlareX is committed to ensuring that all Financial Services Providers (FSP/s) it contracts with for the provision of Intermediary Services in relation to the supply of its products, comply with the relevant regulatory requirements and demonstrate sound business practices.
- 1.3. This document contains the onboarding process for FSPs and the steps FlareX fulfils in conducting its due diligence when onboarding an FSP.

2. DUE DILIGENCE PROCESS

- 2.1. The following steps shall be completed in the onboarding of an FSP.
- 2.2. Step 1: Initial Assessment and Eligibility Check
- 2.2.1. Confirm that the FSP is duly authorised by the Financial Sector Conduct Authority (FSCA) to provide financial services related to derivatives.
- 2.2.2. Determine the FSP's specific license categories and whether these align with the services it intends to offer in collaboration with Flare FX.
- 2.2.3. Verify that the FSP has no regulatory sanctions, pending investigations, or prior compliance breaches.
- 2.3. Step 2: Documentation Submission
- 2.3.1. The FSP must provide the following documents:

Document Category	Document Name	Required (Yes/No)	Received (Yes/No)	Reviewed by
Regulatory & Licensing Documents	FSCA licence certificate and annexure	Yes		
Regulatory & Licensing Documents	Confirmation of registration under FICA	Yes		
Regulatory & Licensing Documents	Letter from the Compliance Officer confirming the good standing of the entity	Yes		
Corporate Governance & Legal Documents	Certificate of Incorporation (CIPC documents)	Yes		
Corporate Governance & Legal Documents	Memorandum of Incorporation (MOI)	Yes		
Corporate Governance & Legal Documents	Shareholders register and ownership structure	Yes		
Corporate Governance & Legal Documents	Directors' and Key Individuals' details	Yes		

Financial & Operational Documents	Latest financial statements or management accounts	Yes		
Financial & Operational Documents	Proof of bank account	Yes		
Financial & Operational Documents	Professional Indemnity (PI) Insurance	Yes		
Compliance & Risk Management Policies	FICA Risk and Compliance Plan (RMCP)	Yes		
Compliance & Risk Management Policies	Conflict of Interest Management policy	Yes		
Compliance & Risk Management Documents	Key Individual Date of First Appointment (DOFA)	Yes		
Operational Document	Business Plan	Yes		

2.4. Step 3: Background and Compliance Checks

2.4.1. Conduct an FSCA search to verify the FSP's registration, license status, and history.

2.4.2. Perform sanctions screening, adverse media checks, and Politically Exposed Persons (PEP) screening on the company, directors, and key individuals.

2.4.3. Assess the FSP's compliance track record, including previous enforcement actions or complaints.

2.5. Step 4: Operational & Business Model Assessment

2.5.1. Evaluate the FSP's business model to determine its alignment with Flare FX's risk appetite and strategic objectives.

2.5.2. Review the FSP's client onboarding processes and suitability assessment mechanisms.

2.5.3. Assess the adequacy of the FSP's IT infrastructure and cybersecurity controls.

2.6. Step 5: Approval

2.6.1. Present the due diligence findings to Legal, Risk and Compliance for final approval.

2.6.2. If approved, issue an onboarding confirmation letter and activate the FSP's account with Flare FX.

2.6.3. If rejected, provide feedback to the FSP with reasons and possible remedial actions.

2.7. Step 6: Ongoing Monitoring & Periodic Reviews

2.7.1. Conduct annual reviews of all onboarded FSPs to ensure continued compliance.

2.7.2. Require updated financial statements, PI insurance annually.

2.7.3. Monitor FSCA updates for any changes in the FSP's licensing status.

3. FSP ONBOARDING APPLICATION FORM

3.1. Section A: Company Details

- 3.1.1. Registered Company Name _____
- 3.1.2. Trading Name (if applicable): _____
- 3.1.3. FSCA Licence Number: _____
- 3.1.4. Company Registration Number: _____
- 3.1.5. Registered Address : _____
- 3.1.6. Business Address: _____
- 3.1.7. Contact Person: _____
- 3.1.8. Email Address: _____
- 3.1.9. Telephone Number: _____

3.2. Section B: Key Individuals & Representatives

- 3.2.1. Full Name of Key Individual: _____
- 3.2.2. ID/Passport Number: _____
- 3.2.3. Email Address: _____
- 3.2.4. Full Name of Representative(s): _____

- 3.2.5. ID/Passport Number(s): _____

3.3. Section C: Compliance & Risk Information

- 3.3.1. Is the FSP registered as an Accountable Institution under FICA? (Yes/No) _____
- 3.3.2. Has the FSP been subject to any regulatory action in the past five years? (Yes/No) _____
- 3.3.3. If Yes, provide details: _____
- 3.3.4. Does the FSP have a compliance officer? (Yes/No) _____

3.4. **Section D: Compliance Officer Details**

3.4.1. Full Name of Compliance Officer: _____

3.4.2. Email Address: _____

3.4.3. Contact Number: _____

3.5. **Section E: Dedicated Contact Person**

3.5.1. Full Name: _____

3.5.2. Position: _____

3.5.3. Email Address: _____

3.5.4. Contact Number: _____

3.6. **Section F: Authorised Signatory**

3.6.1. Full Name of Authorised Signatory: _____

3.6.2. Position: _____

3.6.3. Email Address: _____

3.6.4. Contact Number: _____

3.7. **Section G: Supporting Documents**

3.8. The following documents must be submitted with this application:

3.8.1. FSCA Licence Certificate;

3.8.2. Certificate of Incorporation (CIPC);

3.8.3. Shareholder Register;

3.8.4. Key Individual IDs;

3.8.5. Director IDs;

3.8.6. Financial Statements;

3.8.7. Proof of Bank Account;

3.8.8. PI Insurance Certificate;

3.8.9. FICA Risk Management & Compliance Programme;

3.8.10. Key Individual date of first appointment (DOFA);

- 3.8.11. Conflict of Interest Management Policy;
- 3.8.12. Disclosure Documents; and,
- 3.8.13. Good standing letter from the Compliance Officer.

3.9. **Declaration**

I, _____, hereby declare that the information provided is accurate and complete.

Signature: _____

Date: _____

4. CONCLUSION

- 4.1. This due diligence process ensures that FlareX only contracts with compliant and financially stable FSPs while mitigating regulatory and reputational risks.
- 4.2. Any deviations from this process must be escalated to the Compliance and Risk Committee for further review.

5. APPROVAL & SIGNATURES

5.1. Compliance Officer Approval:

Name: _____

Signature: _____

Date: _____

5.2. Risk Manager Approval:

Name: _____

Signature: _____

Date: _____

5.3. CEO Approval:

Name: _____

Signature: _____

Date: _____

6. FINAL DECISION NOTIFICATION

6.1. Approval Letter Sent: Yes / No _____

6.2. Onboarding Confirmation Issued: Yes / No _____

6.3. FSP Account Activation Date: _____

6.4. Rejection Letter (if applicable) Sent: Yes / No _____

7. ADDITIONAL COMMENTS
