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**ZX Capital Markets Ltd**

# **Conflicts of Interest Policy**

ZX Capital Markets Ltd  
Securities Dealer Licence no. SD214  
IMAD Complex, 3rd Floor, Office 12, Ile Du Port, Mahe, Seychelles.

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## TABLE OF ACRONYMS

CO	Compliance Officer
FSA	Seychelles Financial Services Authority
RTO	Reception & Transmission
STP	Straight-Through Processing

## TABLE OF DEFINITIONS AND INTERPRETATIONS

“Applicable Laws” shall mean Laws and regulations in the Jurisdiction of Seychelles which have an impact on the Securities Industry

“Board” means the Board of Directors of ZX Capital Markets Ltd;

“Business Relationship” shall have the meaning set out under Section 2 of the AML and CFT Act, 2020;

“Companies Act” means the Companies Act 1972;

“Company” shall mean ZX Capital Markets Ltd which is formed and registered in the Republic of Seychelles under the Companies Act 1972;

“Customer” shall have the meaning set out under Section 2 of the AML and CFT Act, 2020;

“Person” includes a company and an individual;

“Personal Transaction” means a trade in Securities effected by or on behalf of a Relevant Person;

“Policy” means ZX Capital Markets Ltd’s Conflict of Interest Policy;

“Republic” means the Republic of Seychelles;

“Relevant Persons” means Directors, Employees, any persons directly or indirectly linked to the Company;

“Securities Act” means the Securities Act, 2007;

Words importing one gender include all other genders and words importing the singular include the plural and vice versa.

## 1.0 INTRODUCTION

The Company is incorporated in the Republic under the Companies Act, shall be regulated by the FSA and will be governed by the applicable laws and regulations of Securities Dealer Licensees. The policy is designed to help directors, officers, and employees of the Company to identify situations that present potential conflicts of interest and to provide a procedure that, if observed, will mitigate same.

The Company has put in place certain arrangements in order to manage conflicts of interest between the Company and its Customers, between Customers and Relevant Persons, and shall take all reasonable efforts and steps to avoid conflicts of interest, and when they cannot be avoided, the Company shall ensure that Customers are treated fairly, at the highest level of integrity and that their interests are protected at all times.

The Company is committed to act honestly, fairly and professionally and in the best interests of its Customers and to comply, in particular, with the principles set out in applicable laws when providing dealing and brokerage services and/or other Securities related to such dealing and brokerage services. Further, the Company has in place arrangements to identify and manage conflicts of interest that arise between the Company and its Customers.

## 2.0 SCOPE & OVERVIEW

A “Conflict of Interest” is a situation where the Company or an Employee of the Company or other associate of the Company, and/or companies of, and their customers and/or a situation between one Customer and another that might have competing professional or personal interest, which may prevent services being provided in an independent or impartial manner. The Company is committed in identifying, monitoring and managing all actual and potential conflicts of interest that can and/or may arise between us and our Customers and any person directly or indirectly associated with the Company.

The Policy applies to Relevant Persons and refers to all interactions with all Customers. The Policy is addressed to all of the Company’s Customers irrespective of Customer Classification/Categorization.

As such, this Policy refers to all interactions with all Customers and applies to any of the following Relevant Persons:

- a) A director, partner or equivalent, manager or tied agent (*or where applicable, appointed representative*) of the Company;
- b) A director, partner or equivalent, or manager of any tied agent (*or where applicable, appointed representative*) of the Company;
- c) An employee of the Company or of a tied agent (*or where applicable, appointed representative*) of the Company;
- d) Any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent (*or where applicable, appointed representative*) of the Company and who is involved in the provision by the Company of regulated activities;
- e) A natural person who is involved in the provision of services to the Company or its tied agent (*or where applicable, appointed representative*) under an outsourcing arrangement for the purpose of the provision by the Company of dealing and brokerage services and activities.

The Company and/or other persons connected with the Company may have an interest, relationship or arrangement that is material in relation to any transaction and or service offered affected under the Company's rules and regulations.

Such interests, relationships or arrangements may not necessarily be separately disclosed to our Customers at or prior to the time of the services offered. However, the Company, at a minimum, shall:

- a) identify with reference to the Securities carried out by the Company, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Customers;
- b) specify procedures to be followed and measures to be adopted in order to manage such conflicts;
- c) ensure that the procedures and measures taken are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest, carry on those activities at a level of independence appropriate to the size and activities of the Company and to the materiality of the risk of damage to the interests of Customers;

- d) Where, however the Company does not consider that the arrangements under this Policy are sufficient to manage a particular conflict, the Customer shall be informed of the nature of the conflict so that he/she can proceed accordingly and make an informed decision.

The affected parties, in case a conflict of interest arises can be the Company, its Employees or its Customers. More specifically, a conflict of interest may arise, between the following parties:

- i. The Customer and the Company;
- ii. Two (2) or more Customers of the Company;
- iii. The Company and its Employees/Manager(s);
- iv. One (1) or more Customer(s) of the Company and an Employee/Manager of the Company;
- v. Between the Company's departments.

### **3.0 PURPOSE**

The purpose of this Policy is to set out the Company's approach to identifying and managing conflicts of interest which may arise during the course of its business activities. The Policy applies to the Relevant Persons and refers to all interactions with all Customers.

This document sets out the Company's Policy in a format suitable for distribution to Customers and created in order to be appropriate and in relation to the size and organizational structure of the Company as well as the nature, scale and type of business it undertakes and provides.

The process entails the following factors:

- i. Identification of conflicts of interest situations;
- ii. Management of conflicts of interest situations;
- iii. Disclosure of conflict of interest in cases where such situations identified cannot be mitigated/resolved; and
- iv. Retain updated records of identified conflict of interest situations.

### **4.0 IDENTIFICATION OF CONFLICTS OF INTEREST**

While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest situations that may arise, as per the current nature, scale and complexity of the Company's

business, the following list includes circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Customers, as applicable.

When the Company offers securities to the Customer, the Company, an associate or some other person connected with the Company, may have an interest, relationship or arrangement that is material in relation to the Transaction concerned or that conflicts with the Customer's interest. The Company hereby identifies and discloses a range of circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more of its Customers. Such a conflict of interest may arise if the Company, or any person directly or indirectly controlled by the Company or a Customer, is likely to make a financial gain, or avoid a financial loss, at the expense of a Customer or may have an interest, relationship or arrangement that is material in relation to the transaction concerned or that conflicts with the Customer's interest. In general, the Company adheres to a policy that the creation of conflicts of interest must, insofar as possible, be prevented.

This is applied through a combination of control measures that play a role in various aspects of our business operations, such as:

- ✓ The 'four eyes' principle check: *(at least)* two (2) people are involved in all major decisions;
- ✓ Separation of duties: tasks that, when combined, could result in a conflict of interest for an employee are divided up and allocated to different employees;
- ✓ Clear written instructions to our staff, through which conflicts of interest are, insofar as is possible, prevented. These instructions range from a code of conduct, which prescribes the general rules of conduct, through to operational procedures in the various processes where conflicts of interest could arise (*underwriting, claims management, accounting*);
- ✓ Education and training: our Compliance department regularly provides internal training courses to our staff involving the proper application of the rules of conduct;
- ✓ Compliance: our Compliance Department (*a department within the company who independently checks whether we are complying with the applicable laws*) is involved in the introduction of new rules of conduct that will, insofar as is possible, prevent conflicts of interest from arising, among other things.

Based on our business model, experience and day-to-day services provided to our Customers, the Company has identified the following circumstances (*not exhaustive*) which may give rise to a conflict of interest:

- i. The Company may be providing other services to associates or other Customers of the Company who may have interests in Securities which are in conflict or in competition with the Customer's interests;
- ii. the Company's bonus scheme may award its Employees based on the trading volume etc.;
- iii. the Company may receive or pay inducements to or from third parties due to the referral of new Customers or Customers' trading;
- iv. the Company or a Relevant Person has an interest in the outcome of a service provided to the Customer, which is distinct from the Customer's interest in that outcome;
- v. the Company or a Relevant Person has a financial or other incentive to favor the interest of another Customer or group of Customers over the interests of the Customer;
- vi. the Company or a Relevant Person carries on the same business as the Customer;
- vii. the Company or a related person has a financial or other incentive to favor the interest of another Customer or group of Customers over the interests of the Customer;
- viii. The Company or a related person carries on the same business as the Customer.
- ix. the Company may act as the Counterparty to the Customer using its license, and as such, the Company may act as the buyer when the Customer sells and the seller when the Customer buys; in the circumstances, therefore, the Company may establish the prices at which it will offer to trade with the Customer; such prices offered by the Company might not be the best prices available and the Company may offer different prices to different Customers. Since the Company may act as the buyer or seller in these transaction(s), the Customer should carefully evaluate any trading information received by the Company or any of its representatives.
- x. the Company may be matching a Customer's Transaction with that of another Customer by acting on that person's behalf as well as for the Customer where the Company acting or seeking to act as principle and/or agent for both parties and/or to receive and/or retain commission(s) or other charges from both parties;
- xi. The Company or a Relevant Person is likely to make a financial gain, or avoid a financial loss, at the expense of the customer;



- xii. The Company or a Relevant Person has an interest in the outcome of a service provided to the Customer or of a transaction carried out on behalf of the customer, which is distinct from the Customer's interest in that outcome;
- xiii. The Company or a Relevant Person has a financial or other incentive to favor the interest of another Customer or group of Customers over the interests of the Customer;
- xiv. The Company or a Relevant Person carries on the same business as the Customer;
- xv. The Company or a Relevant Person receives or will receive from a person other than the Customer an inducement in relation to a service provided to the Customer, in the form of monies, goods or services, other than the standard commission or fee for that service.

It should be noted that the above circumstances which constitute or may give rise to a conflict of interest, are not conclusive. To be conclusive, the Company explicitly examines and investigates further each of the above circumstances on a case by case basis and undertakes additional due diligence measures in order to have solid evidence that the case in question constitutes indeed a conflict of interest.

## **5.0 IDENTIFYING AND MANAGING CONFLICTS OF INTERESTS**

The Company maintains and operates effective organizational and administrative procedures to identify and manage conflicts of interest. Should a Conflict of Interest arise, it is managed promptly and fairly. The Company has in place arrangements to ensure that:

- a) There is a clear distinction between the different departments' operations;
- b) No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- c) The Company's employees are prohibited from investing in securities for which they have access to non-public or confidential information;
- d) The simultaneous or sequential involvement of a relevant person in separate Securities or activities where such involvement may impair the proper management of conflicts of interest is prevented or controlled;
- e) There is separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, customers whose interests

may conflict, or who otherwise represent different interests that may conflict, including those of the Company;

- f) There is no direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- g) The security features of the Company's software prevent unauthorized access to sensitive information in order to benefit the Company over its customers or one customer over another;
- h) Relevant persons are prohibited to purchase or sell a security or cause the purchase or sale of a security for any account while in possession of inside information relating to that security;
- i) Relevant persons are prohibited to recommend or solicit the purchase or sale of any security while in possession of inside information relating to that security;
- j) Relevant persons are prohibited to purchase or sell or cause the purchase or sale of a security for an employee or employee- related account or a proprietary account of the Company or an account over which an employee exercises investment discretion, while in possession of proprietary information concerning a contemplated block transaction in the security or for a customer account when such customer has been provided such information by any relevant person;
- k) Transactions by the Company's employees are neither performed nor executed by themselves, but by another member of staff of the Company;
- l) Employees sign a confidentiality agreement. No associated person may disclose inside information to others, except disclosures made in accordance with the Company's policies and procedures, to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
- m) There are effective procedures in place to prevent or control the exchange of information (*flow of information*) between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more customers;

- n) Establishment of in-house Compliance function to monitor and report sources that may entail conflict of interest to the Board;
- o) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Board;
- p) Establishment of the four-eyes principle in supervising the Company's activities;
- q) Any person will be prevented from exercising inappropriate influence over the way in which a relevant person carries out Securities or activities;
- r) Relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interests;
- s) Adequate records are maintained of the services and activities of the Company where a Conflict of Interest has been identified;
- t) Where necessary, Relevant Persons are subject to personal account transaction rules;
- u) In certain jurisdictions appropriate disclosure may be made to the Customer in a clear, fair and not misleading manner to enable the Customer to make an informed decision;
- v) There is a periodic review of the adequacy of the Company's systems and controls.

## **6.0 MANAGING CONFLICTS OF INTEREST**

To ensure that the Company manages conflicts of interest effectively, the Managing Director together with the Compliance Department and Heads of Relevant Departments will have overall responsibility to enable that the Company identify and manage any conflicts of interest appropriately, effectively and in accordance to the applicable laws.

The Company has set up internal policies and has a Compliance Department that is responsible for identifying and managing potential conflicts interests. The Compliance Department will also update the relevant internal procedures and ensure compliance with such procedures. The Company maintains and operates effective organizational and administrative procedures to manage the identified conflicts of interest. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

## 7.0 PROCEDURES AND CONTROLS TO MANAGING CONFLICTS OF INTERESTS

Generally, the company has the following measures into consideration to help in management of the identified conflicts of interest.

- a) Effective procedures to prevent or control the exchange of information between Relevant Persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more customers;
- b) The separate supervision of Relevant Persons whose principal functions involve carrying out activities on behalf of, or providing services to, customers whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company;
- c) The removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- d) Measures to prevent or limit any person from exercising inappropriate influence over the way in which a Relevant Person carries out Securities or activities;
- e) Measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate Securities or activities where such involvement may impair the proper management of conflicts of interest. Such measures include the following:
  - i. A 'need to know' policy governing the dissemination of confidential or inside information within the Company;
  - ii. Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments. Communication of information and data between the various business units of the Company, whether the Company's officers and/or Employees have access to data in the possession of business units to which such access is not permitted so that to prevent the flow of confidential information in a way that which adversely affect the interest of the Customers. The Company's Compliance Department is responsible for maintaining such Chinese Walls, by means of regular checks and monitoring;

- iii. Procedures governing access to electronic data;
  - iv. Segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
  - v. Establishment of Personal Transaction Policy covering the disclosure and requirements applicable to Relevant Persons in relation to their own investments;
  - vi. A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
  - vii. The prohibition of external business interests conflicting with the Company's interests as far as ZX Capital Markets Ltd officers and employees are concerned, unless the written Board approval is provided;
  - viii. A policy designed to limit the conflict of interest arising from the giving and receiving of inducements;
  - ix. Establishment of an in-house Compliance Department to monitor and report on the above to the Board. The Department will also update the relevant internal procedures and ensure compliance with such procedures.
  - x. Appointment of an Internal Auditor to ensure that appropriate systems and controls are in place and maintained which in turn shall evaluate and report to the Board;
  - xi. Establishment of the four-eye principle in supervising activities of the Company's activities.
- f) The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate;
  - g) Relevant persons are required to immediately notify the Company in case they perceive that a conflict of interest may be created due to the undertaking of a specific task/work;
  - h) All Customers are to be treated fairly;
  - i) All the Company's representatives hold an authorization/license or are in the process of obtaining an authorization/license, if required, for performing and/or offering the services and/or business activities as applicable;
  - j) In circumstances not covered by the points mentioned above and given the nature of a conflict of interest situation, the Compliance Department and/or the Senior Management

shall decide whether to proceed with the relevant circumstance and notify the Customer accordingly.

- k) The employees of the Company ensure that documents containing confidential information are secured and accessed by Authorized personnel only
- l) All employees are bound by professional secrecy and confidential information is only being shared if this is deemed necessary for performing a job function.
- m) All employees are at all times bound to act loyally to the Company and be in full compliance with its procedures.
- n) All employees receive instructions and guidance regarding managing of conflicts of interest.
- o) Whenever the Company implements a bonus scheme, this is compounded of several elements and each trade related element does not alone affect the bonus significantly.
- p) The Company takes all necessary steps to employ persons with the highest educational, ethical and professional courtesy standards.

## **8.0 EXPRESS CUSTOMER'S CONSENT**

By entering into a Customer Agreement with the Company for the provision of dealing and brokerage services, the customer is consenting and accepting the application of this Policy as this may be amended and/or updated from time to time with prior notice to the Customer. Further, the Customer consents to and authorizes the Company to deal with the Customer in any manner which the Company considers appropriate, notwithstanding any conflict of interest and/or the existence of any material interest in the dealing and brokerage services and/or activities provided, with prior reference to the Customer. In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the Customer.

## 9.0 DISCLOSURE OF INFORMATION

If in the course of a business relationship with a customer the organizational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest, before the Company provides any services, the Company shall disclose to the Customer or potential Customer the general nature and any conflicts of interest potentially present. This shall be made in a durable medium and include sufficient detail, taking into account the nature and profile of the Customer, to enable the Customer to take an informed decision with respect to the Securities in the context of which the conflict of interest arises. The Compliance Department shall have the responsibility to oversee such communication. Following such communication, the consent of the Customer shall be obtained and recorded before proceeding with the provision of the services.

## 10.0 POTENTIAL SOURCES OF CONFLICTS OF INTEREST

Taking into consideration the services the Company offers, potential Conflict of Interest circumstances may include, but are not limited to:

- a) Reception and transmission of orders;
- b) Execution of orders;
- c) Safekeeping and administration of securities for the account of customers, including custodianship and related services.
- d) The Company or Relevant Person receives substantial gifts or entertainment (*including non-monetary inducements*) that may influence behavior in a way that conflicts with the interest of the Customer of the Company;
- e) A transaction is affected in securities in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a customer, and/or Company may also be remunerated by the counterparty to any such transaction;
- f) A director or employee of the Company is a director of a fund and/or any company being a customer of the Company;
- g) A transaction is affected in securities issued by an affiliated company or the customer or customer of an affiliated company
- h) The Company may act as agent for a customer in relation to transactions in which it is also acting as agent for the account of other customers

- i) The Company acting as agent for the Customer, matches an order of the Customer with an order of another customer for whom it is acting as agent;
- j) A transaction is affected in securities issued by an affiliated Company or the customer or customer of an affiliated Company;
- k) Introducing agents may have other interests than the Company and/or their customers;
- l) Representatives/ Introducing agents of the Company may be aware of large customer orders to acquire or dispose of a large quantity of a particular Securities and either the Company or its representatives/Introducing agents purchase (or sell) the Securities beforehand.

The Company should analyze potential conflicts of interests each time a Securities is manufactured. In particular, the Company shall assess whether the Securities creates a situation where end customers may be adversely affected if they take:

- a) an exposure opposite to the one previously held by the Company itself; or
- b) An exposure opposite to the one that the Company wants to hold after the sale of the product. The Company may use technology or software, such as bridges and plugins that process customer orders using pre-defined and/or configurable rules and settings that allow the Company to define under which conditions a customer order can be confirmed and even what will be the Company's possible profit from it.
- c) The Company shall monitor asymmetric slippage. The Company in relation to its execution arrangements should include a record of all time stamps, from order reception, intra-trade benchmark shifts, hedging of the trade and customer execution.

## **10.1 RTO AND EXECUTION OF CUSTOMER'S ORDERS**

The Dealing and Operations Department is responsible for the RTO and Executions of Customer's Orders. Possible conflicts of interest situations may include:

- a) Influence of issue conditions for brokerage / selling commission purposes;
- b) Unjustified use or dissemination of confidential information;
- c) Preferential transmission of particular orders;
- d) Possible incentive for preferential allocation to customers who are frequent traders to generate commission income;



- e) Use of information derived from brokerage in relation to customer orders for the benefit of other customers;
- f) Use of knowledge of customer orders for personal account trading;
- g) Exertion of influence by management on order execution; and
- h) Preferential execution of particular orders.

Sufficient Procedures are adopted and implemented by the Company for the reception and transmission, as well as execution, of customer orders in relation to one or more securities, on a daily basis, as follows:

- a) STP of customer's orders;
- b) Information barriers / strict confidentiality / segregation of functions;
- c) Review of payments and/or mispricing;
- d) Market-based monitoring of prices;
- e) Disclosure of any conflict of interest that could bear a material influence best execution of the customer's order;
- f) Internal Audit mandate includes the comparison of commissions/fees charged to customers and report on identified variances;
- g) Departmental segregation/Chinese Walls;
- h) Transparent allocation principles and verification of compliance with the allocation principles;
- i) Separation/segregations of reporting lines;
- j) Personal Transactions are prohibited; traders/employees have to place orders with another Broker and disclose relevant information to Compliance Department and Senior Management on their Personal Transactions Declaration upon employment for monitoring and restriction of employee transactions; and
- k) Compliance with statutory obligation of market manipulation and insider trading legislation.

## **10.2 CUSTODY SERVICES**

The Finance and Treasury Department is responsible for the custody and safekeeping of customers' funds and securities. Possible conflicts of interest situations may include:

- Safekeeping and administration of securities for the account of customers, including custodianship and related services such as cash/collateral management;
- Exertion of influence by management resulting in the use of inappropriate criteria in the selection of external custodians / depositories;
- Acceptance of personal advantage.

### **10.2.1 INFORMATION BARRIERS**

The Company respects the confidentiality of information it receives about its Customers and operates a "Need to Know" approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Customer of the Company. The Company has established and operates internal organizational arrangements to avoid conflicts of interest by controlling, managing or restricting as deemed appropriate the flow of confidential information between different areas of business or within a specific division or department. In particular, Chinese Walls are a key tool for conflict of interest prevention avoiding insider dealing and market manipulation risks. Chinese Walls can involve separation of premises, personnel, reporting lines, files and IT systems and controlled procedures for the movement of personnel and information between the Company. The Company maintains permanent information barriers between different departments.

## **10.3 POLICIES AND PROCEDURES**

The Company has developed and implemented policies and procedures throughout its business to prevent or manage potential conflicts of interests. Its employees receive guidance and training in these policies and procedures, and they are subject to monitoring and review processes.

## **10.4 REMUNERATION POLICY**

The Company has established, implemented and maintains remuneration policies and practices. The Company when designing or reviewing its remuneration policies and practices it considers the conduct of business and conflicts of interest risks that may arise and takes reasonable measures

to avoid or manage them appropriately and efficiently. The Company's remuneration policies and practices, inter alia, have been designed in such a way so as not to create incentives that may lead persons to favor their own interests, or the Company's interests, to the potential detriment of customers. Furthermore, the Company has established, implemented and maintains adequate control mechanisms for compliance with remuneration policies and practices being implemented and maintained by the Company. The same remuneration policies and practices adopted by the Company are applied apart from the staff and to the service providers, Introducing Brokers (firms that may refer clients directly to the company ) and to third parties which perform outsourced critical operational functions, when they are acting on behalf of the Company.

## **10.5 SEPARATE SUPERVISION/FUNCTIONS**

There is a clear distinction between the different departments' operations. Two departments or businesses will be managed by different senior staff members, if running them under supervision of one person, may create conflicts of interest. In this way it is secured that no single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized. Furthermore, the four-eye principle in supervising the Company's activities is established.

## **10.6 PAY**

Pay and bonuses are linked to the profits of the Company or the business or department where an employee works. Pay and bonuses linked to the performance of another department, with possible conflicting interests, however, is avoided at all times.

## **10.7 INDUCEMENTS**

The Company does not offer, solicit or accept any inducements, other than the following:

- a) A fee, commission or non-monetary benefit provided to or by a customer or a person on behalf of a customer;
- b) A fee, commission or non-monetary benefit provided to or by a third party or a person acting on behalf of a third party, under the following conditions:
  - i. the fee, commission or benefit is disclosed to a customer, prior to the provision of the relevant service; and
  - ii. it is designed to enhance the quality of the relevant service to a customer and in line with Company's duty to act in the best interests of a customer;

- c) Proper fees for the provision of dealing and brokerage services, such as custodial costs, settlement and exchange fees, regulatory levies or legal fees, and which cannot give rise to conflicts with Company's duties to act honestly, fairly and professionally in accordance with the best interests of its customers.

## **11.0 PERSONAL ACCOUNT DEALING**

For the purpose of this Policy, "Personal Transaction" means a trade in Securities effected by or on behalf of a relevant person, where at least one of the following criteria are met:

- a) The relevant person is acting outside the scope of the activities he carries out in that capacity,
- b) The trade is carried out for the account of any of the following persons:
  - i. the relevant person;
  - ii. any person with whom he has a family relationship, or with whom he has close links;
  - iii. a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

To prevent conflicts arising from the use of information obtained from customers, and market abuse in general, all employees are subject to personal account dealing rules. Employees are prohibited to keep investor accounts in other Securities Dealers without Company's prior authorization and are obliged to bring this to Company's attention. They are also obliged to authorize the Company to request transaction reports from other Securities Dealers.

Furthermore, the Company requires all employees to have Personal Account trades approved before dealing to ensure that dealing does not occur in securities in circumstances where such dealings should be restricted. Relevant persons are informed on the restrictions on personal transactions and the measures established by the Company in connection with personal transactions and Notification procedures. In addition, the Company has established, implemented and maintains adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or to other confidential information relating to customers or transactions with or for customers by virtue of an activity carried out by him/her on behalf of the Company:

- a) Entering into a personal transaction which meets at least one of the following criteria:
  - i. That person is prohibited from entering into it under the Securities Act, 2007 pertaining to the section on Market Abuse;
  - ii. It involves the misuse or improper disclosure of that confidential information;
  - iii. It conflicts or is likely to conflict with an obligation of the Company under the applicable Law.
- b) Advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in securities which, if a personal transaction of the relevant person, would be covered by point (a) above or investment research reports or the misuse of information relating to pending customer orders.
- c) Disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
  - i. To enter into a transaction in securities which, if a personal transaction of the relevant person, would be covered by point (a) above or investment research reports or the misuse of information relating to pending customer orders;
  - ii. To advise or procure another person to enter into such a transaction. The above arrangements have been designed to ensure that:
    - a) Each relevant person is aware of the restrictions on personal transactions, and of the measures established by the Company in connection with personal transactions and disclosure.
    - b) The Company is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other internal procedures enabling the Company to identify such transactions. In the case of outsourcing arrangements, the Company always ensures that the firm to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to the Company promptly on request.

- c) A record is kept of the personal transaction notified to the Company or identified by it, including any authorization or prohibition in connection with such a transaction.

## **12.0 EMPLOYEES' UNDERSTANDING**

All of the employees of the Company will be made aware of this policy in order of the Company to highlight and emphasize the importance of identifying and managing conflicts of interest.

All employees are required to adhere to the Company's Policy which requires employees to notify Compliance of all situations whereby an employee becomes aware of conflicting and/or inside dealing information. Employees are also required to notify Compliance of any situation where information received might constitute conflicting and/or inside information. The Compliance Department will record the circumstances of the situation and take such action as is necessary and appropriately inform the Senior Management of the Company.

Employees must never permit their personal interest to conflict with, or to appear to conflict with, the interests of the Company. When faced with a situation involving a potential conflict of interest, ask yourself whether public disclosure of the matter could embarrass the Company or you, or would lead an outside observer to believe a conflict of interest, including those in which you may have been placed inadvertently due to either business or personal relationship with customers, suppliers, business associates, or competitors of the Company, or with other Company employees.

Company's employees are also subject to rules designed to avoid conflicts of interest with activities they undertake outside the Company.

## **13.0 GIFTS**

Company's employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Customers may result in a conflict of interest, something the Company is committed to avoiding. 'Normal gifts' refer to luncheon with the clients and Christmas/holiday gifts, wines and tickets for matches.

## 14.0 DECLINING TO ACT

The Company may decline to act for a customer in cases where it believes the conflict of interest cannot be managed in any other way. If the Company believes that there is conflict of interest in giving its service to its client, the Company will disclose the conflict and shall not proceed with the transaction. For example, purchase or sell a security or cause the purchase or sale of a security for any account while in possession of inside information relating to that security.

## 15.0 ASSESSMENT – RESOLUTION – NOTIFICATION & RECORD KEEPING

The Compliance Department is responsible for assessing, managing and mitigating all conflicts of interest situations, including but not limited to, assessing the following:

- a) Whether the situation represents an actual or potential conflict of interest for either the Customer or the Company,
- b) Whether the situation identified is a perceived conflict for either the Customer or the Company and the risk that it may become an actual conflict,
- c) How the conflict of interest can be appropriately managed and/or mitigated and the degree of materiality of the conflict of interest, and
- d) Whether the conflict of interest identified requires immediate notification to Senior Management for further assessment, giving information on the seriousness of the risk and direction on the level of reporting/action required.

Further, the Company takes all the necessary actions to resolve conflicts of interest identified, including, but not limited to, the management and mitigation of the conflict(s) identified in such a way (i) as to prevent the conflict of interest arising in the future; (ii) as to ensure the interests of the Customer, or the Company or the Company's Employee are not permitted to disadvantage or lead to a loss for the Customer's and/or the Company's interests; and further (iii) communicate and notify the conflict of interest to the Customer in writing so that the Customer may decide upon a satisfactory course of action and make an informed decision about whether or not he/she wishes to proceed prior to engaging to a business relationship with the Company (*new Customer*) and/or proceed with further services provided by the Company (*existing Customer*).

Finally, the Compliance Department maintains a Conflicts of Interest Register of all circumstances in which a conflict of interest has been identified and/or arisen, containing the measures taken to mitigate or manage the conflict of interest identified and/or arisen, a description of the circumstances which constituted or may have constituted a conflict of interest, names of the persons involved, the name of the person responsible for the mitigation of the conflict, a description of the steps taken in order to mitigate the conflict - including customer disclosures and subsequent resolutions. The Conflicts of Interest Register is updated any time a conflict of interest has been identified and/or arisen or may have arisen and is kept for the durations of the business relationship with the Customer and for a minimum of seven (7) years after the conclusion of such business relationship.

The Company reserves the right to amend its policies at any time by making them public on its official website after approval by the FSA. The customer consents and agrees that the latest version of any of the Documentation and/or Policies shall be published on the Company's official website.

## **16.0 DISCLOSURE**

Where a conflict arises, and the Company is aware of it, it will disclose the conflict to the customer prior to undertaking investment business for that customer or, if it does not believe that disclosure is appropriate to manage the conflict, the Company may choose not to proceed with the transaction or matter giving rise to the conflict.

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate and the Customers will be given notice of same 30 days prior to the policy being executed and approved by FSA.

Additional information and/or clarifications in relation to this Policy is available upon explicit written request. Should a Customer and/or prospective Customer have further questions in relation to conflicts of interest he/she may direct his/her questions to the Company's Back Office/Customer Support Department via the official email addresses included in the Company's website.



## **17.0 REVIEW OF THIS POLICY**

The Company reserves the right to amend its policies at any time by making them public on its official website after approval by FSA. Policies shall be reviewed/amended annually and/or as and when it is deemed necessary by the CO or alternate to the CO and further approved by the Board.

The Customer consents and agrees that the latest versions of any of the Documentation and/or Policies published on the Company's official website shall prevail as this has been communication via a durable medium. Additional information and/or clarifications in relation to this policy is available upon explicit written request. Questions may be directed to our Back Office/Customer Support Department via the Company's official contact details available in the Company's website.