



# CONFLICTS OF INTEREST POLICY

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### 1. Introduction

- 1.1. Tradexfin Limited operating under the trading name XMTrading, is a Securities Dealer Licensee, regulated and authorised by the Financial Services Authority (“**FSA**”) in Seychelles with the license number SD010 (hereinafter referred to as the “**Company**”).
- 1.2. The Company is operating under the Securities Act 2007, Securities (Conduct of Business) Regulations 2008, Securities Financial Statements Regulations 2008, Securities (Forms and Fees) Regulations 2008, the Securities (Advertisements) Regulations 2008, the Anti-Money Laundering and Countering the Financing of Terrorism Act and Regulations 2020, as amended from time to time (hereinafter referred to as the “**Applicable Laws and Regulations**”).
- 1.3. In accordance with the Applicable Laws and Regulations, the Company is required to take reasonable steps to detect and avoid conflicts of interest and provide its clients with its Conflicts of Interest Policy (hereinafter the “**Policy**”). The Company is committed to acting honestly, fairly and professionally and in the best interests of its clients and to complying, in particular, with the principles set out in the above Applicable Laws and Regulations when providing its services.

### 2. Purpose and scope

- 2.1. The purpose of this Policy is to outline a suitable approach and response to the identification and management of conflicts of interest. The Company will take all reasonable steps to identify conflicts of interest between itself, including its managers, employees or any person directly or indirectly linked to the Company by control and its clients or between one client and another that arise in the course of providing services or between the Company and a relevant person of the Company or between a client of the Company and a relevant person of the Company. Accordingly, this Policy sets out the necessary procedures, controls and practices in place to ensure that any conflicts of interest are identified and prevented or appropriately managed.
- 2.2. The Company maintains and operates effective organizational and administrative arrangements to prevent and manage conflicts of interest that may arise during the provision of services, from adversely affecting the interests of its clients. In case where, the aforementioned arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the clients will be prevented, the Company shall clearly proceed with the disclosure of such conflict. The said disclosure shall be done in a durable medium indicating the general nature and source of conflicts of interest, the risks to the client with sufficient details so as to allow the client to take an informed decision with the regards to its investment as well as the steps taken to mitigate such risks. Such disclosure shall be a measure of last resort and shall include sufficient detail, taking into account the characteristics of the client to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.
- 2.3. The Company has the right to amend the current Policy at its discretion and at any time it considers is suitable and appropriate. The Company shall review and amend the current policy at least on an annual basis to take account of changes to operations or practices and, further, to make sure it remains appropriate to any changes in law, technology and the general business environment.

### 3. Identification of conflict of interests

- 3.1. To adequately manage conflicts of interest, the Company shall identify all relevant conflicts timeously. The Company will employ different mechanisms to ensure that all conflicts are identified.
- 3.2. The Company shall identify all conflicts of interest, their severity and document controls to mitigate the conflicts. It is not possible to list all situations which could constitute a conflict. The facts of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict.

- 3.3. All employees, including management, will be responsible for identifying specific instances of conflict and required to notify the compliance function of any conflicts they become aware of. The Compliance Officer will assess the implications of the conflict and how the conflict should be managed in conjunction with the Board of Directors. In the case where a specific incident to be reported concerns the Compliance Officer, the notification shall be made to a member of the Company's management.
- 3.4. For the purposes of identifying the types of conflicts of interest that arise in the course of providing services and whose existence may damage the interests of a client, the Company takes into account, by way of minimum criteria, the question of whether the Company or a relevant person, or a person directly or indirectly linked by control to the Company, is in any of the following situations, whether as a result of providing investment services or activities:
  - The Company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
  - The Company or a relevant person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
  - The Company or a relevant person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
  - The Company or a relevant person receives or will receive from a person other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.
- 3.5. For the purpose of this Policy, a "relevant person", in relation to the Company means any of the following:
  - a director, partner or equivalent, manager of the Company;
  - a representative of the Company;
  - an officer or employee of the Company.

#### **4. Procedures and controls to managing conflicts of interests**

- 4.1. The Company has established suitable and adequate internal procedures for minimising any potential conflicts of interest, ensure the fair treatment of all their customers and to reduce the risk of client disadvantage and legal liability.
- 4.2. The Company maintains a Compliance Department that is an independent unit within the Company. Among the duties of the Compliance Officer is to monitor any possible deviation from the Company's internal policies and procedures as well as identifying and managing any possible conflicts of interest. Once a conflict has been identified it needs to be appropriately and adequately managed. The compliance function will assess each conflict and determine if the conflict is actual or perceived and what the value of the conflict or exposure is and the potential reputational risk. Compliance will then decide whether it is viable to go ahead with the transaction or if the conflict is too severe. If compliance decides that the particular conflict can be mitigated, then controls to manage the conflict should be put in place and documented.
- 4.3. The Company will manage conflicts of interest fairly, between itself and its clients, between itself and its employees and between its customers and to organise and control their internal affairs responsibly and effectively.
- 4.4. The Company and its employees should act as per the principle of placing clients' interests before self-interests and Company's interests in order to avoid conflicts of interest in the fulfilment of professional activities on the securities market. To ensure client's fair treatment, the Company will introduce the following procedures:
  - The Company shall avoid any conflict of interest with clients and, where such a conflict unavoidably arises, ensure fair treatment to the client by complete disclosure or by declining to

act.

- If the Company has a material interest in a transaction to be entered into with or for a client, or a relationship which gives rise to a conflict of interest in relation to the transaction, the Company shall not knowingly deal in the exercise of discretion, in relation to that transaction. The only exception is when the Company has fairly disclosed that material interest or relationship, as the case may be, to the client or the client has taken reasonable steps to ensure that neither the material interest nor relationship adversely affect the interests of the client.
- There is a clear distinction between the different departments' operations as these are described in the Company's IOM.
- The Company shall be informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the Company to identify such transactions. In the case of outsourcing arrangements, the Company shall ensure that the Company 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.
- The security features of the Company's software prevent unauthorized access to sensitive information in order to benefit the Company over its clients or one client over another.
- The Company's employees are prohibited from investing in securities for which they have access to non-public or confidential information.
- A record shall be kept of the personal transaction notified to the Company or identified by it, including any authorisation or prohibition in connection with such a transaction.
- The Company must take reasonable steps to ensure that neither it nor any of its employees or agents either offers or gives, or solicits or accepts, any inducement that is likely to conflict with any duties owed to its clients.
- No employee shall either knowingly or recklessly make a statement, promise or forecast that is misleading, false or deceptive to any customer or conceal material facts at any time.

4.5. More specifically, the Company states some of the policies and procedures that it has implemented for managing possible conflicts of interest below:

- Effective procedures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment services or activities.
- The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- 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.
- Measures 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 clients.

4.6. The procedures followed and measures adopted in the Policy include the following, as are necessary and appropriate for the Company to ensure the requisite degree of independence:

- No relevant person may 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.
- No relevant person may recommend or solicit the purchase or sale of any security while in possession of inside information relating to that security.
- Procedures set for regular review and monitoring of the execution arrangements with the execution venue, hedging/ liquidity or price providers as well as on a continuous basis.
- Procedures in regards to the monitoring of access to electronic data.
- Relevant persons engaged in research activities should not discuss unreleased information, opinions, recommendations, or research analysis in progress with Company associated persons engaged in sales activities, or any person within or outside the Company who does not have a valid business need to know the information.
- Establishment of an ongoing monitoring program based on which regular checks are conducted for the assessment of the Company's procedures, policies and internal controls.

- The Company may distribute marketing communication to its clients, only if the said communication is reviewed and approved by the Compliance Officer prior to distribution. The Compliance Officer also ensures that such communication have the appropriate disclosure statement as well as meeting the relevant definition of marketing communication.
- The Company is committed to having an effective and appropriate compliance culture to enable it to deal with any new potential conflicts of interest which may arise in the future. The Company's employees are therefore required to monitor any new circumstances giving rise to potential conflicts of interest and to implement appropriate measures to address these.

## **5. Segregation of Company's Assets from Clients' Assets**

- 5.1. The Company maintains separate accounting records between its own assets and those of its clients to facilitate the protection of clients' assets and the prevention of the use of customer assets by the Company or by other third parties so as to minimise the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

## **6. Forbidden Business Practices**

- 6.1. The Company shall prohibit those business practices which in the regular course of events might give rise to conflicts of interest. The following business practices shall indicatively be forbidden:
- The provision to clients of investment services for the purpose of influencing the price of financial instruments for the benefit of the Company or for the benefit of any relevant persons, or of Company's clients in general, especially with regard to transactions that the Company or relevant persons intend to carry out prior to or after the provision of the service.
  - The use by the Company or by its relevant persons of information regarding client transactions, for the benefit of the Company, and the disclosure of such information to third parties.
  - Dealing by the Company itself or by any relevant persons in financial instruments in respect of which the Company has drawn analysis reports or has made research findings prior to the publication of the respective reports and findings.
  - The carrying out of transactions by relevant persons for their own account or for the account of persons related with them on the basis of confidential information that the above persons have obtained in the course of their employment with the Company.
- 6.2. All employees must be aware of the above forbidden business practices, and shall have the responsibility of informing the Compliance Officer immediately in case they monitor any violation of the above provisions. Should you have any questions in relation to this Policy, please contact the Compliance Department of the Company.

## **7. Disclosure of Conflicts of Interest**

- 7.1. In case where, the organisational and administrative arrangements established by the Company to prevent or manage a conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the clients will be prevented, the Company shall clearly proceed with the disclosure of such conflict.
- 7.2. The management and employees of the Company should disclose the following information to the Compliance Officer:
- Opening and closing personal accounts at any other Broker for own investments purposes;
  - All personal transaction performed at any other Broker; notification should be provided within 24 hours;
  - Securities held by the employee;
  - Transactions executed by the Company in which the employee may have an interest or a conflict.

## 8. Record Keeping

8.1. The Company keeps and regularly updates a record in regards to the investment activity carried out by the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more clients. The following documentation shall be maintained for a minimum period of seven (7) years:

- This Policy, any functional variations if applicable;
- The conflicts log, the conflicts identification and its remedy;
- Rules, procedures and processes;
- Training material and training records;
- Details of any review work carried out (including any decisions made on conflicts management); and any other documentation used to demonstrate the management of conflicts of interest.