



## **CONFLICTS OF INTEREST POLICY**

**Version 3**

## **1. Introduction**

This summarized Conflicts of Interest Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with Investment Services and Activities and Regulated Markets Law of 2017 L.87(I)/2017, as subsequently amended or replaced from time to time (“the Law”), pursuant to which ZEMBLANCO INVESTMENTS (“the Company”) is required to take all reasonable steps to detect and avoid conflicts of interest.

The Company is committed to act honestly, fairly and professionally and in the best interests of its Clients and to comply, in particular, with the principles set out in the above legislation when providing investment services and other ancillary services related to such investment services.

The Company provides herein a summary of the Policy it maintains in order to manage conflicts of interest in respect of the duties it owes to its Clients.

## **2. Scope**

The purpose of this document is to set out the Company’s approach in identifying and managing conflicts of interest which may arise during the course of its normal business activities. In addition, this document identifies circumstances which may give rise to a conflict of interest.

The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called “Related Persons”) and refers to all interactions with all Clients.

## **3. General Identification of Conflicts of Interest**

### **3.1. General Principles**

When the Company deals/transacts with or on behalf of the Client, 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 it conflicts with the Client’s interest. The Company hereby identifies and discloses a range of situations and circumstances which may give rise to a conflict of interest and potentially, but not necessarily, be detrimental to the interests of one or more Clients.

### **3.2. Criteria and circumstances**

To identify different types of conflicts that might arise in the course of providing its Services, and whose existence may harm or otherwise damage one or more Clients’ interests, takes into account, by way of minimum criteria, the question of whether the Company itself or a Related Person or a person directly or indirectly linked by control to the Company, is in any of the following situations, as a result of providing investment services or otherwise:

- (a) The Company or a Related Person is likely to make a financial gain or avoid a financial loss at the expense of a Client;

- (b) The Company or a Related 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;
- (c) The Company or a Related Person has an interest in the outcome of a service provided to the Client or of a transaction carried out for the Client, which is distinct from the Client's interest in that outcome;
- (d) The Company or a Related Person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client;
- (e) The Company or a Related Person carries on the same business as the Client.

### **3.3. Non-Exhausting list of Circumstances of Conflicts of Interest**

While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest 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 Clients, as a result of providing investment services:

- (a) the Company may be matching the Client's orders with that of another Client by acting on such other Client's behalf as well as on the Client's behalf;
- (b) the Company may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs;
- (c) the Company's bonus scheme may award its employees based on the trading volume etc.;
- (d) the Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading;
- (e) the Company or a Related 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;
- (f) the Company or a Related person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client;
- (g) the Company or a related person carries on the same business as the Client.

## **4. General Procedures and Controls for Managing Conflicts of Interests**

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures (list is not exhaustive):

- (a) The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- (b) The Company undertakes effective procedures to prevent or control the exchange of information between Related 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.

- (c) The separate supervision of Related Persons whose principal functions involve providing services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- (d) Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services.
- (e) Measures to prevent or control the simultaneous or sequential involvement of a Related Person in separate investment services where such involvement may impair the proper management of conflicts of interest.
- (f) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- (g) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- (h) Procedures governing access to electronic data.
- (i) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- (j) Personal account dealing requirements applicable to Related Persons in relation to their own investments.
- (k) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors.
- (l) Prohibition on officers and employees of the Company having external business interests conflicting with the interests of the Company without the prior approval of the Company's board of directors.
- (m) A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- (n) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- (o) Establishment of the "four - eyes" principle in supervising the Company's activities.

## **5. Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him. Further, the Client consents to and authorizes the Company to deal with the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any material interest in a Transaction, without prior reference to the Client.

In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the Client.

## **6. Disclosure of Information**

If during the course of a business relationship with a Client or group of Clients, the organizational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or group of Clients.

The disclosure will:

- be in a durable medium;
- clearly state that the organisational and administrative arrangements established by the Company to prevent or manage the conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented;
- include a specific description of the conflicts of interest that arise in the provision of investment services and ancillary services;
- explain the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks;
- include sufficient detail, taking into account the nature of the client, to enable the Client to make an informed decision with respect to the services in the context of which the conflict of interest arises.

If a Client decides not to go ahead with the service due to the conflict disclosed, the Company will have no choice but to decline the provision of services if the conflict cannot be effectively managed.

## **7. Amendment of the Policy and Additional Information**

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Company and the Client.

Should you require any further information and/or have any questions about conflicts of interest please direct your request and/or questions to [info@zemblanco.com](mailto:info@zemblanco.com).