

# COLMEX PRO LTD

## SUMMARY CONFLICTS OF INTEREST POLICY

**This Policy on Conflict of Interests is effective from 18<sup>th</sup> of April 2022 and shall remain effective until a newer version is provided and publicly available on the Colmex Pro Ltd official website. The Company maintains the right to change and/or update and/or amend this document at any time by making the updated version publicly available.**

117 Makariou III Avenue & Sissifou (ex Lefkosias-Limnazousas) Street, Quarter of Apostoloi Petrou & Pavlou, 3021 Limassol, Cyprus  
Tel: +(357) 25 030036 | Fax: +(357) 25 030037 | E: [info@colmexpro.com](mailto:info@colmexpro.com) | W: [www.colmexpro.com](http://www.colmexpro.com)

Colmex Pro Ltd (Colmex Pro) is authorized and licensed by the Cyprus Securities and Exchange Commission – License Number 123/10

## Introduction

**Colmex Pro Ltd** (hereinafter referred to as the “**Company**”) is an Investment Firm incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 260064 regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the “**CySEC**”) with license number 123/10 and operated under the Markets in Financial Instruments Directive (MiFID II) in the European Union and in accordance with the Provision of Investment Services law, the Exercise of Investment Activities law, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017 in Cyprus (hereinafter referred to as the “**Law**”), as in force and/or as this may be amended from time to time, Colmex Pro Ltd is required to provide its clients and potential clients with its Conflicts of Interest Policy (hereinafter referred to as the “**Policy**”). Following the implementation of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments (‘MiFID II’) and in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), the Company is required to provide its clients and potential clients with a summary of its Conflicts of Interest Policy (hereinafter referred to as the “**Policy**”). Under Applicable Regulations and in accordance with CySEC Rules and this Policy the Company is required to have arrangements in place to manage conflicts of interest between the Company, and its clients and between other clients and take all reasonable efforts and steps to avoid conflicts of interest and when they cannot be avoided the Company is committed and shall ensure that clients are treated fairly, professionally, and at the highest level of integrity and that their interests are protected at all times, in order to comply with the principles set out in the above legislation when providing any investment and ancillary services. Further, the Company has in place arrangements to identify and manage conflicts of interest that arise between the Company and its Clients and between the Company’s different clients.

### Scope

A “conflict of interest” is a situation where the Company or an Employee, or other associate of the Company, and/or companies of, (including the Group’s managers, Employees, or any person directly or indirectly linked to them by control) and their clients or, between one client and another that has competing professional or personal interest, which may prevent services being provided to clients in an independent or impartial manner. The Company is committed to identifying, monitoring, and managing all actual and potential conflicts of interest that can and/or may arise between us and our clients and any person directly or indirectly associated with the Company. The Policy applies to all its directors, Employees, any persons directly or indirectly linked to the Company (hereinafter referred to as the “**Relevant Persons**”) and refers to all interactions with all clients. The Policy is addressed to all Colmex Pro Ltd Clients irrespective of Client Classification/Categorisation. This Policy is not intended to, and does not, create third party rights or duties that would not already exist if the Policy had not been made available, however it does form part of the contractual obligations between the Company and the Client based on the establishment of the business relationship between them as well as to all interactions with all Clients and applies to all Relevant Persons. 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 Terms and Conditions, as in force and/or as these may be amended from time to time. Such interests, relationships or arrangements may not necessarily be separately disclosed to our Clients at or prior to the time of the services offered, as applicable.

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

- a) The Client and the Company;
- b) Two or more Clients of the Company;
- c) The Company and its Employees/Manager(s);
- d) One or more Client(s) of the Company and an Employee/Manager of the Company;
- e) Company’s Departments.

## **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 all its directors, Employees, any persons directly or indirectly linked to the Company (hereinafter called "Relevant Persons") and refers to all interactions with all clients. This document sets out the Company's Conflicts of Interest Policy in a format suitable for distribution to Clients 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:

- Identification of conflicts of interest situations
- Management of conflicts of interest situations
- Disclosure of conflict of interest in cases where such situations identified cannot be mitigated/resolved
- Retain updated records of identified conflict of interest situations

## **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 Clients, as applicable. When the Company offers Investment Services to 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 conflicts with the Client'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 Clients. Such a conflict of interest may arise if the Company, or any person directly or indirectly controlled by the Company or a Client, is likely to make a financial gain, or avoid a financial loss, at the expense of a Client or may have an interest, relationship or arrangement that is material in relation to the transaction concerned or that conflicts with the Client's interest. In general, the Company adheres to a policy that the creation of conflicts of interest must, insofar as is 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) 2 people from Senior Management 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 law) 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-today services provided to our Clients, the Company has identified the following circumstances (not exhaustive) which may give rise to a conflict of interest:

- (a) the Company may be providing other services to associates or other Clients of the Company who may have interests in Financial Instruments or investments or Underlying Assets, which are in conflict or in competition with the Client's interests;
- (b) the Company's bonus scheme may award its Employees based on the trading volume etc.;
- (c) the Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading;

- (d) the Company or a Relevant Person has an interest in the outcome of a service provided to the Client, which is distinct from the Client's interest in that outcome;
- (e) 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;
- (f) the Company or a Relevant Person carries on the same business as the Client
- (g) the Company or a related person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- (h) the Company or a related person carries on the same business as the Client.
- (i) the Company may act as the Counterparty to the Client using its DOA license, and as such, the Company may act as the buyer when the Client sells and the seller when the Client buys; in the circumstances, therefore, the Company may establish the prices at which it will offer to trade with the Client; such prices offered by the Company might not be the best prices available and the Company may offer different prices to different Clients. Since the Company may act as the buyer or seller in these transaction(s), the Client should carefully evaluate any trading information received by the Company or any of its representatives.
- (j) the Company may be dealing as principal for the Client or for its own account by selling the financial instrument concerned to the Client or buying it from the Client, or otherwise having a Position in the investment concerned or an associated investment;
- (k) the Company may be matching a Client's Transaction with that of another Client by acting on that person's behalf as well as for the Client where the Company acting or seeking to act as principal and/or agent for both parties and/or to receive and/or retain commission(s) or other charges from both parties;
- (l) the Company may trade for the Company's own account and/or on behalf of other client(s), having a position in the financial instrument(s) concerned, and/or other related financial instrument(s), and/or otherwise pursue its legitimate business as a broker or dealer in connection with the financial instrument(s) concerned and/or related or other financial instruments involved.

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services and/or a combination thereof and whose existence may damage the interests of a client, the Company takes into account, whether the Company or a Relevant Person, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- (1) the Company or a Relevant Person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (2) 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;
- (3) 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;
- (4) the Company or a Relevant Person carries on the same business as the client;
- (5) 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.

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.

### **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:

- There is a clear distinction between the different departments' operations;

- No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- The Company's employees are prohibited from investing in securities for which they have access to non-public or confidential information;
- The simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest is prevented or controlled;
- There is 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;
- 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;
- 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;
- 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;
- 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;
- 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;
- Transactions by the Company's employees are neither performed nor executed by themselves, but by another member of staff of the Company;
- 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;
- 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 clients;
- Establishment of in-house Compliance function to monitor and report sources that may entail conflict of interest to the Board of Directors of the Company;
- Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors;
- Establishment of the four-eyes principle in supervising the Company's activities;
- Any person will be prevented from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- Relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interests;
- Adequate records are maintained of the services and activities of the Company where a Conflict of Interest has been identified;
- Where necessary, Relevant Persons are subject to personal account transaction rules;
- In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- There is a periodic review of the adequacy of the Company's systems and controls.

### **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 identifies and manages any conflicts of interest appropriately, effectively and in line with the applicable laws in accordance with the CySEC Rules, Circulars, Directive, Guidance and Regulations. Colmex Pro Ltd has set up internal policies and has an in-house 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. Further, 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.

### **Procedures and Controls to 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:

1. 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 clients;
2. 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 Colmex Pro Ltd;
3. 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;
4. Measures to prevent or limit any person from exercising inappropriate influence over the way in which a Relevant Person carries out investment or ancillary services or activities;
5. Measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

### **Express Client's Consent**

By entering into a Client Agreement with the Company for the provision of investment services, the client is consenting and accepting the application of the summarised form of this Policy as this may be amended and/or updated from time to time and uploaded on the Company's website. 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 and/or the existence of any material interest in the investment services and/or activities provided, without prior reference to the Client. If the Company is unable to deal with a conflicts of interest situation it shall revert to the Client.

### **Disclosure of Information**

If during a business relationship with a Client the organisational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest, before the Company provides any services, Colmex Pro Ltd shall disclose to the Client or potential Client the general nature and any conflicts of interest potentially present. This shall be made in a durable medium and include sufficient detail, considering the nature and profile of the Client, to enable the Client to take an informed decision with respect to the investment or ancillary service 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 Client shall be obtained and recorded before proceeding with the provision of the services.

### **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:

- Reception and transmission of orders;
- Execution of orders;
- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
- The Company or Relevant Person receives substantial gifts or entertainment (including non-monetary inducements) that may influence behaviour in a way that conflicts with the interest of the Client of the Company;
- A transaction is affected in financial instruments in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a client, and/or Company may also be remunerated by the counterparty to any such transaction;
- A director or employee of the Company is a director of a fund and/or any Company being a client of the Company;
- A transaction is affected in financial instruments issued by an affiliated Company or the client or customer of an affiliated Company
- The Company may act as agent for a client in relation to transactions in which it is also acting as agent for the account of other customers and/or Group companies;
- The Company acting as agent for the Client, matches an order of the Client with an order of another customer for whom it is acting as agent;
- A transaction is affected in securities issued by an affiliated Company or the client or customer of an affiliated Company;
- Affiliates may have other interests than the Company and/or their clients;
- White Label Partners may have other interests than the Company and/or their clients;
- Representatives/ Affiliate agents of the Company may be aware of large client orders to acquire or dispose of a large quantity of a particular financial instrument and either the Company or its representatives/Affiliate agents purchase (or sell) the financial instrument beforehand.

## **A. Reception & Transmission (RTO) and Execution of Client's Orders**

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

- Influence of issue conditions for brokerage / selling commission purposes
- Unjustified use or dissemination of confidential information
- Preferential transmission of particular orders
- Possible incentive for preferential allocation to clients who are frequent traders to generate commission income
- Use of information derived from brokerage in relation to client orders for the benefit of other clients
- Use of knowledge of client orders for personal account trading
- Exertion of influence by management on order execution
- Preferential execution of particular orders

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

- a) Orders are transmitted and executed automatically through the Company's systems
- b) Information barriers / strict confidentiality / GDPR / 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 client's order
- f) Internal Audit mandate includes the comparison of commissions/fees charged to clients 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 monitored, in addition, traders/employees who 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
- k) Compliance with statutory obligation of market manipulation and insider trading legislation.

### **Services or Activities Giving Rise to Detrimental Conflict of Interest**

#### **B. Dealing on Own Account (DOA)**

DOA is trading against proprietary capital resulting in the conclusion of transactions in one or more MiFID II financial instruments; it involves position-taking which includes proprietary trading and positions arising from market-making; it can also include positions arising from client servicing, (for example where a firm acts as a systematic Internaliser or executes an order by taking a market or 'unmatched principal' position on its books) and which provide investment services and/or perform investment activities in dealing on own account may capitalize on specific trading strategies and market opportunities so as to optimize returns on own funds. Moreover, it facilitates hedging away interest rate as well as foreign exchange risk for both its proprietary trading and any operational exposure. The Company's Clients are hereby advised that any transactions undertaken through the DOA services of Colmex Pro Ltd may be of a speculative nature. They may give rise to large losses within a relatively short period of time, which cannot be forecasted, and which may sustain a total loss of the funds deposited with the Company.

These losses may be attributed to adverse market movements, to position build-up or to the accumulation of commission(s) and charges.

#### **Prohibited Transaction Practices**

In order to prevent potential conflicts of interest between the Company and the Clients, the following transaction practices are prohibited:

- a) Investment Services provided to a Client with the purpose of influencing the price of financial instruments for the benefit of Colmex Pro Ltd or related persons is prohibited, particularly with respect to transactions that Colmex Pro Ltd or any related person may affect before or after the provision of the said investment services.
- b) Clients' transaction information used by Colmex Pro Ltd for own benefit and/or the announcement to third persons of such information is prohibited.
- c) The preferential treatment of Company's personnel at the expense of its Clients, during the provision of the investment services to a Client is prohibited.
- d) Any transactions affected by Colmex Pro Ltd.'s personnel and/or directors for their own account/benefit or for the account/benefit of persons related to them is prohibited, even on the basis of confidential information which they acquire during the course of their employment with the Company are prohibited.

Where the Company acts as a principal and/or as an agent for two or more Clients involved in the same and/or related underwriting and/or placement of financial instruments, the Company will advise the Clients involved of any conflicting interests and take immediate steps to segregate any services provided to each of the involved Clients. These steps will normally include the assignment of a different broker and/or support personnel to represent the Clients' interests of each involved client and the establishment of direct communication procedure(s). The Company may also receive commission from the relevant broker(s)/underwriter(s) for placing instruments with them, and which amount may be grossed up and charged under a premium debit note and/or invoice issued to the Client and deducted by the Company before remitting the net premium to the relevant broker/underwriter(s). Where a conflict arises, the Company will refrain from performing any further services of a like nature for the underwriter unless the Client has agreed otherwise in writing.

#### **C. Credits & Loans Department (C&L)**

The Credits & Loans Department shall grant margins, credits, or loans to investors, to enable them to carry out transactions in one or more Financial Instruments where the Company is involved in the transaction. The Clients shall be granted credits or loans against Financial Instruments held on the Clients' accounts that are collateral for the credit or loan, as applicable. Credit is granted by the Company to the Client from the first day where the order is executed



following the signing of the relevant terms/agreement is executed between the parties only and not from the day where the cash settlement of transactions takes place. Funds available are considered the money which are cleared funds to the Company. In cases of granting credits to clients for conducting transactions, the Company will transfer funds, which correspond to the credits and loans granted, to the bank account for clients' money at the same day in which the order is executed and not the day in which the cash settlement of transactions takes place.

Sufficient Procedures are adopted and implemented by the Company for granting credits to clients and/or for conducting transactions and mechanisms for computing, monitoring, and controlling, on a daily basis, as follows:

- a) the total credits and limits granted to Clients. These limits shall be approved and set by the Risk Manager, as applicable
- b) the existence of available funds from the Company, at the time of the cash settlement of the transactions conducted by Clients for which credit has been granted
- c) the capital adequacy of the Company for which the limits and/or the credits granted to the Clients are taken into consideration.

#### **Prohibited Transaction Practices**

To prevent potential conflicts of interest between the Company and the Clients, the following transaction practices are prohibited:

- a) The Company will not execute a Client order for a purchase of financial instruments without the necessary funds available in the client account, unless the client was granted credits for conducting these transactions, as applicable.
- b) The Company will not enter arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a client or otherwise use such financial instruments for its own account or the account of another client of the firm, unless:
  - i. the client has given express prior consent to the use of the financial instruments on specified terms; and
  - ii. the use of that client's financial instruments is restricted to the specified terms to which the client consents.
- c) The Company will not enter into arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a client in an omnibus account held by a third party, or otherwise use financial instruments held in such an account for its own account or for the account of another client unless, in addition to the conditions set out in (b) of this section:
  - i. each client whose financial instruments are held together in an omnibus account has given express prior consent in accordance with (b)(i); or
  - ii. the firm has in place systems and controls which ensure that only financial instruments belonging to clients who have given express prior consent in accordance with the requirements of (b)(i) are used.

#### **D. Custody Services**

The Safekeeping Department is responsible for the custody and safekeeping of clients' funds and financial instruments. Possible conflicts of interest situations may include:

- Safekeeping and administration of financial instruments for the account of clients, 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

Sufficient Procedures are adopted and implemented by the Company for granting credits to clients and/or for conducting transactions and mechanisms for computing, monitoring, and controlling, on a daily basis, as follows:

- a) Compliance with statutory obligations to exercise due diligence in the selection of custodians / depositories
- b) Insider Trading Prohibition and compliance with market abuse/manipulation laws
- c) Use of Gifts and inducement Register.

### **Information barriers**

The Company respects the confidentiality of information it receives about its Clients 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 Client of the Company. The Company has established and operates internal organisational 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 conflicts 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 and any other part of the Company Group. The Company maintains permanent information barriers between different departments.

### **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.

### **Remuneration Policy**

The Company has established, implemented, and maintains remuneration policies and practices that comply on the one hand with the requirements of section 24 of the Investment Services and Activities and Regulated Markets Law (87(I)/2017 of 2017, as in force (‘the Law’) in relation to conflicts of interests and on the other hand, with the conduct of business rules set out in section 25 of the Law. 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. 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, Affiliates and to third parties which perform outsourced critical operational functions, when they are acting on behalf of the Company.

### **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-eyes principle in supervising the Company’s activities is established.

### **Pay**

Pay and bonuses linked to the performance of another department, with possible conflicting interests, is always avoided.

### **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 client or a person on behalf of a client;
- 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 client, prior to the provision of the relevant service; and
  - ii. it is designed to enhance the quality of the relevant service to a client and in line with Company’s duty to act in the best interests of a client;
- c) Proper fees for the provision of investment services, such as custody 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 clients

### **Personal account dealing**

For the purpose of this Conflicts of Interest Policy, “Personal Transaction” means a trade in financial instrument 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 clients, and market abuse in general, all employees are subject to personal account dealing rules. Employees are prohibited to keep investor accounts in other Investing Firms without the Company’s prior authorization and are obliged to bring this to Company’s attention by disclosing the said Companies and accounts to the Company for monitoring and oversight of the Company’s Compliance and Risk Management Departments. They are also obliged to authorize the Company to request transaction reports from other Investment Firms. Furthermore, the Company requires all employees to have Personal Account trades approved before dealing to ensure that dealing occurs only in securities and assess whether any 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 who has access to inside information within the meaning of section 5 of the Market Manipulation (Market Abuse) Law or to other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by him on behalf of the Company.

### **Employees’ Understanding**

All of our employees are made aware of this policy to highlight and emphasize the importance of identifying and managing conflicts of interest.

All employees are required to adhere to the Company’s Conflict of Interest 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 appropriate informing also 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.

### **Gifts**

Company’s employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Clients may result in a conflict of interest, something the Company is committed to avoiding.

- (a) A gift and inducement log registering the solicitation, offer or receipt of certain benefits
- (b) Affiliates’ payments are not, directly or indirectly, linked to client’s performance
- (c) Financial analysts do not accept inducements from those with a material interest in the subject-matter of an investment research

### **Declining to act**

The Company may decline to act for a client in cases where it believes the conflict of interest cannot be managed in any other way.

### **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:

1. Whether the situation represents an actual or potential conflict of interest for either the Client or the Company
2. Whether the situation identified is a perceived conflict for either the Client or the Company and the risk that it may become an actual conflict
3. How the conflict of interest can be appropriately managed and/or mitigated and the degree of materiality of the conflict of interest
4. 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 Client, or the Company or the Company's Employee are not permitted to disadvantage or lead to a loss for the Client's and/or the Company's interests; and further (iii) communicate and notify the conflict of interest to the Client(s) in writing so that the Client(s) 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 Client) and/or proceed with further services provided by the Company (existing Client).

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 client 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 Client and for a minimum of five years after the conclusion of such business relationship.

**Colmex Pro Ltd reserves the right to amend its policies at any time by making them public on its official website. The client consents and agrees that the latest version of any of the Documentation and/or Policies published on Colmex Pro Ltd.'s official website shall prevail.**

### **Disclosure**

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

### **Review of this Policy**

The Company reserves the right to amend its policies at any time by making them public on its official website. Policies shall be reviewed/amended annually and/or as and when deemed necessary by Regulatory Authorities, and the Compliance Officer and further approved by the Board of Directors. The client consents and agrees that the latest versions of any of the Documentation and/or Policies published on the Company's official website shall prevail. Additional information and/or clarifications in relation to this policy is available upon explicit written request. Questions may be directed to our Customer Support Department via e-mail at: [support@colmexpro.com](mailto:support@colmexpro.com) .