

Colmex Pro Limited

CONFLICTS OF INTEREST POLICY

Colmex Pro Ltd is a Cyprus Investment Firm (CIF) licensed by the Cyprus Securities and Exchange Commission (CySEC) under license number 123/10.

1. Introduction

Colmex Pro Ltd (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (license number 123/10).

Following the implementation of the Directive 2014/65/EU of the European Parliament and of the Council of 14 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 the “Policy”).

Under the above legislation, the Company is required to take all reasonable steps to detect and prevent or manage conflicts of interest between itself, including its managers and employees, or any person directly or indirectly linked to it by control, and its clients or between one client and another. The Company is committed to act honestly, fairly and professionally and in the best interests of its clients, and to comply with the principles set out in the above legislation when providing any investment and ancillary services.

We hereby provide the policy we maintain in order to prevent and manage conflicts of interest in respect of the duties we owe to our clients.

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.

2. Purpose

The purpose of this document is to set out the Company’s approach in identifying, preventing and managing and, where necessary, disclosing conflicts of interest which may arise during the course of its business activities, including those caused by the receipt of inducements from third parties or by the Company’s own remuneration and other incentive structures.

Accordingly, we have adopted a conflict of interest policy setting out the procedures, practices and controls in place to achieve this.

The process entails the following actions:

- (a) Identification of situations of conflicts of interest
- (b) Prevention and management of conflicts of interest situations
- (c) Disclosure of conflicts of interest and record keeping

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

3. Application

The Policy shall apply the entire time the company is active.

4. Identification of Conflicts of Interest Situations

For the purposes of identifying the types of conflicts of interest that arise in the course of providing investment and ancillary services, or a combination thereof, and whose existence may damage the interest of a client, the Company takes into account whether the Company or a relevant person is found to be in any of the following situations, as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) The Company or relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (b) 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;
- (c) The Company or relevant person has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
- (d) The Company or a relevant person carries on the same business with the client;
- (e) 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 money, goods or services, other than the standard commission or fee for that service.

Situations of conflicts of interest can be divided into two categories:

- (a) Conflicts of interest which might arise between Clients and the Company (management, employees, tied agents etc.), and
- (b) Between the clients themselves

Taking into consideration the services the Company offers, potential circumstances giving rise to a conflict of interest may be related to the Reception and Transmission of Orders, Execution of Orders, Dealing on Own Account and/or Ancillary Services.

While it is not feasible to define precisely 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 the major sources of potential conflicts of interest entailing a material risk of damage to the interests of one or more clients, as a result of providing investment services:

- In the area of Investment Research and Marketing Communication, and in particular, from the Company's own interest in the sales of financial instrument(s)
- From inducements received from or made to third parties in connection with investment services provided to them
- From performance, in particular, related to remuneration of employees and agents
- With regards to transactions related to Contracts for Difference ('CFDs'), where the Company acts as the Principal. **This does not apply to transactions in Equities.**
- From personal relations of employees or members of the Company's Board of Directors or parties related to such persons

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Note that the above are only indicative list of potential conflicts of interest. Not all of the listed conflicts of interest situations are applicable in each case, but rather depends on the nature of the instruments traded.

5. Prevention and Management of Conflicts of Interest Situations

5.1. Independence

The Company has set up internal policies and has an in-house Compliance Department that is responsible for identifying, preventing and managing potential conflicts of interest. The above mentioned Department also updates the relevant internal procedures and ensures compliance with such procedures.

In general, the Company established procedures to be followed and measures to be adopted in order to prevent or manage the identified conflicts of interest, entailing a risk of damage to the interests of one or more clients.

The said procedures and measures are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest, which may be detrimental to clients' interests, carry on those activities at a level of independence appropriate to the size and activities of the Company and of the group to which it belongs, and to the risk of damage to the interests of clients.

Those measures include at least those items in the following list, in order to ensure the requisite degree of independence:

- (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 clients (e.g. Chinese Walls)
- (b) 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
- (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 (e.g. the Reception, Transmission and Execution of Orders Department does not receive any variable remuneration, and it is not linked to clients' performance, other department's performance, etc.)
- (d) 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
- (e) 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

- (f) procedures to prevent financial analysts and other relevant persons from undertaking personal transactions or trading, other than as market makers acting in good faith and in the ordinary course of market making or in the execution of an unsolicited client order, on behalf of any other person, including the Company, in financial instruments to which investment research relates, or in any related financial instruments, with knowledge of the likely timing or content of that investment research which is not publicly available or available to clients and cannot readily be inferred from information that is available, until the recipients of the investment research have had a reasonable opportunity to act on it
- (g) measures to ensure that the Company, financial analysts, and other relevant persons involved in the production of the investment research do not accept inducements from those with a material interest in the subject-matter of the investment research
- (h) measures to ensure that the Company, financial analysts, and other relevant persons involved in the production of the investment research do not promise issuers favourable research coverage
- (i) procedures to ensure that issuers, relevant persons other than financial analysts, and any other relevant persons are not permitted to review a draft of the investment research before the dissemination of investment research, for the purpose of verifying the accuracy of factual statements made in that research, or for any purpose other than verifying compliance with the firm's legal obligations, where the draft includes a recommendation or a target price

5.2. Approach

The Company maintains and operates effective organisational and administrative procedures to prevent and manage the identified conflicts of interest. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

In general, the procedures and controls that the Company follows regarding the prevention and management of conflicts of interest include the following measures (list is not exhaustive):

- Investment Research and Marketing Communication:
 - (a) A 'need to know' policy governing the dissemination of confidential or inside information within the Group
 - (b) Advices/recommendations on transactions are prohibited
 - (c) Marketing Communication is developed on the basis of being fair, clear and not misleading to (potential) clients and is issued following Compliance Department's approval
 - (d) The Company has implemented the appropriateness test, to which all potential clients are subject as part of the onboarding process
 - (e) Financial analysts and any other relevant persons involved in the production of investment research do not undertake personal transactions in financial instruments to which the investment research relates, or in any related financial instruments, contrary to current

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recommendations, except in exceptional circumstances and with the prior approval of Compliance function

- Inducements:
 - (a) A gifts and inducements log registering the solicitation, offer or receipt of certain benefits
 - (b) Affiliates' and Introducing Brokers' 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
- Performance:
 - (a) Establishment of Remuneration Policy
 - (b) Minimizing variable pay
 - (c) Dealing Room and Back Office employees remuneration is not linked to clients' performance
 - (d) The Compliance Officer's remuneration, both fixed and variable, is independent from the performance of any business area
 - (e) Affiliates and Introducing Brokers do not have any role in the assessment of clients' knowledge and experience for onboarding purposes
- Acting as Principal (with regards to transactions on CFDs):
 - (a) Establishment of Order Execution Policy, which sets out our obligation in delivering best execution to clients
 - (b) Chinese walls restricting the flow of confidential and inside information within the Company and physical separation of departments
 - (c) Quotes for CFDs pricing are based on the published prices of the underlying instruments on the regulated exchanges where such instruments are regularly traded, and with respect to rolling spot Forex, based on the aggregation of prices received from banks and other liquidity providers
 - (d) The Company imposes leverage limitations
- Personal Relations:
 - (a) The prohibition of external business interests conflicting with our interests as far as the Group's officers and employees are concerned, unless board approval is provided
 - (b) Procedures governing access to electronic data

In addition, the Company sets out the following measures for control circumstances which may give rise to conflicts of interest:

- Segregation of duties that may give rise to conflicts of interest if carried out by the same individual
- Establishment of Personal Transactions Policy
- Establishment of an in-house Compliance Department to monitor and report on the above to the Company's Board of Directors

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- Appointment of an internal auditor to ensure that appropriate systems and controls are maintained and reported to the Company's Board of Directors
- Establishment of the four-eyes principle in supervising the Company's activities
- Divisions and legal entities of the Group operate with appropriate independence from one another
- Supervisory arrangements provide for separate supervision of staff of the different Group entities where necessary for the fair management of conflicts of interest, as applicable

6. Disclosure of Conflicts of Interest and Record Keeping

The Company shall keep and regularly update a record of the kinds of investment or ancillary service or investment activity carried out by or on behalf of the Company in which a conflict of interest entailing a risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

Senior management shall receive on a frequent basis, and at least annually, written reports on situations referred to above.

Where the organizational and administrative arrangements described above are not sufficient to ensure with reasonable confidence that the risks of damage of the clients' interests will be prevented, the Company clearly discloses the general nature and/or source of conflicts of interest to the client before undertaking business on his behalf.

Disclosure to Clients is done in sufficient detail to enable the Clients to make an informed decision about the investment and ancillary service in the context of which the conflict arises.

If the Company, however, does not believe that disclosure is appropriate to manage the conflict, it 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 this is deemed to be appropriate.

Should you have a question about conflicts of interest please direct your questions to our Compliance Department: compliance@colmexpro.com