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# CONFLICTS OF INTEREST POLICY

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## 1. Defining 'Conflict of Interest'

This Conflicts of Interest Policy ("the Policy") has been developed and is permanently maintained by INVEZA CAPITAL LTD ("the Company") to ensure that:

- The Company's clients are at all times treated honestly, fairly and professionally in accordance with their best interests;
- Actual and potential conflicts of interests that may arise in the course of the Company's activities are identified, recorded, prevented where possible, or appropriately managed and disclosed to the Company's clients.

For the purposes of this Policy, a Conflict of Interest is a situation where competing obligations or motivations of persons result in, or are likely to result in, one of the following outcomes:

- A Client is disadvantaged/makes a loss when the Company and connected persons (where "the Company and connected persons" includes its employees, suppliers, outsourcers, contractors or any person directly or indirectly linked to them by control) are at an advantage/makes a gain; or
- A Client is disadvantaged/makes a loss when an employee of the Company and connected persons make a gain at the expense of the Company; or
- A Client is disadvantaged/makes a loss when another Client is at an advantage/makes a gain.

## 2. Objective and Scope

The objective of the Policy is to ensure that the Company's Conflicts of Interest are identified, managed and, where necessary, disclosed in order to ensure the fair treatment of Clients, the development of deep and long lasting Client relationships, to reduce the risk of Client disadvantage and reduce the risk of legal liability, regulatory censure or damage to Company's commercial interests and reputation.

The requirements of this Policy apply to all services, activities and all Client categories used by the Company. Therefore it applies to arrangements both within and outside the Company (e.g. in the case of outsourcing arrangements etc.).

We are required to identify conflicts of interest during the course of carrying out Investment Services and activities or Ancillary Services – which require particular attention and are the following:

### **Investment Services**

- Reception and Transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of Clients
- Dealing on own account
- Provision of Portfolio Management services
- Provision of Investment Advice services

### Ancillary Services

- Safekeeping and administration of financial instruments for the account of Clients, including custodianship and related services such as cash/ collateral management
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit, or loan is involved in the transaction
- Foreign exchange services, where these are connected to the provision of investment services
- Investment research and financial analysis, or other forms of general recommendation, relating to transactions in financial instruments

### 3. Identification of Conflicts of Interest

All actual and potential conflicts of interest that may cause a material risk of damage to the interests of a Client are identified. The Company's Senior Management is responsible for determining what amounts to a 'material risk of damage'.

When considering whether a Conflict of Interest does, or has the potential to exist, the following will be taken into consideration at a minimum:

- Is the Company or connected persons likely to make a financial gain, or avoid a financial loss, at Client's expense?
- If the Company is providing a service to the Client, does the Company or connected persons have an interest in the outcome of that service which is separate and distinct from the Client's?
- Does the Company or connected persons have a financial or other incentive to favor the interests of one Client (or group of Clients) over the interests of another Client?
- Does the Company or connected persons carry on the same business as the Client?
- When providing a service to a Client, does the Company or connected persons receive any inducement (e.g. gifts or services) from any third party other than the standard commission or fee for that service?

The Company's personnel are demonstrably aware of the conflicts of interests arising in their area at all times. The Company ensures procedures are in place for the immediate identification, management and recording of new actual or potential conflicts of interests, for example those arising in the event of:

- i. The launch of or substantial change in a service, activity or product
- ii. The expansion of the customer base to include new and differing types or
- iii. A change in regulation and/or market practice.

#### 4. Reporting Conflicts of Interest

In the case of identification of a possible Conflict of Interest, a staff member refers it initially to his immediate supervisor to assist in the assessment of a material risk of damage and sends a completed Conflict of Interest Notification Form to the Head of Compliance for inclusion within the reports reviewed by the Board of Directors. The notification is to include full details in order to allow regulatory scrutiny, such as:

- Corrective and preventive actions
- How these actions were considered appropriate
- Any conditions imposed
- Whether there are still ongoing conflicts, how these are being managed and advised to the Client.

#### 5. Management of Conflicts of Interest

Each Conflict of Interest identified is managed and monitored. Senior Management ensures that conflicts of interest identified are managed and monitored in an effective and appropriate manner. A record of the controls used to manage conflicts of interest and the tools used to monitor conflicts of interest are updated as appropriate at least annually and the Compliance department is responsible for co-ordinating this updating.

The following types of control are examples of those suitable for managing conflicts of interest:

**Control of information:** prevent/control the exchange of information between opposing sides of a Conflict of Interest e.g. by establishing a Chinese wall (see the paragraph below).

**Separate supervision:** subject the individuals on opposite sides of a Conflict of Interest to separate supervision.

**Removal of remuneration links:** remove direct links between the remuneration of individuals on opposite sides of a Conflict of Interest.

**Control over inappropriate influence:** prevent the inappropriate influence of one individual over another e.g. where the person who decides or influences an individual's bonus may exert undue influence over that individual's integrity of judgment.

The Company ensures that potential transactions with a related third party are done under the same conditions as with all other clients.

**Segregation of duties:** prevent/control the involvement of individuals in simultaneous/sequential tasks e.g. portfolio decision making and calculating performance.

**Staff recruitment and vetting:** all the prospective members of the Company's staff are subject to vetting before the contracts with them are signed. Enhanced vetting, including checks of credit records, criminal records is conducted for the staff in roles with access to investment or trading decisions and client order book.



**Personal account dealing policy:** ensures that employees do not engage in insider dealing, market manipulation and other abusive behavior.

It is not enough to merely implement one, or a combination, of the above types of control. At all times, one should consider whether an appropriate level of independence has been achieved between the opposing sides of a Conflict of Interest.

Compliance undertakes to carry out an annual review of actual and potential conflicts and the way they are managed or mitigated. The Board of Directors is advised accordingly, while the review considers whether there are any trends, issues arising and conflicts between known/developing Regulations and the Company's policies. The review also indicates the need for any amendments to procedures.

## 6. Chinese Walls

Chinese walls are essentially information barriers which are used to prevent inside or highly confidential information possessed by one part of the business from being inappropriately passed to, or obtained by, another part of the business.

When a Chinese wall is used as a way of managing conflicts of interests, individuals on the other side of the wall will not be regarded as being in possession of knowledge denied to them as a result of the Chinese wall. For example, where arrangements have been put in place to ensure that entities belonging to the same group operate independently of each other with effective Chinese walls, the entities shall not be deemed to have knowledge of each other for conflicts of interest purposes.

## 7. Disclosure

Before the Company provides any services, the Company discloses to a (potential) Client the general nature and any conflicts of interest potentially present.

This includes sufficient detail, taking into account the nature of the Client, to enable him to take an informed decision with respect to the investment service in the context of which the Conflict of Interest arises.

Clients will be given the opportunity to decide on whether or not to continue their relationship with us with no unreasonable obstacles.

## 8. Record Keeping

The following documentation is maintained for a minimum period of five years:

- this Policy, any functional variations if applicable;
- the Conflicts Log;
- rules, procedures and processes;



- training material and training records;
- Conflicts of Interest Notification Forms;
- 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.

## 9. Conflicts Deadlock

Where line management cannot resolve a conflict to the satisfaction of all parties, the Compliance Head, as the Approved Person with responsibility for Compliance and Risk, has the final say.

## 10. Summary Conflicts Policy

When carrying on designated investment business with a Client the Company provides the Client with a summary of the Conflicts Policy. This is provided to the Client in good time and prior to the provision of designated investment business. The Summary Conflicts Policy wording is used without significant alteration, unless an alteration has been approved by Compliance.

## 11. Record of Services or Activities Giving Rise to Detrimental Conflict of Interest

The Company maintains and updates on a regular basis 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 material 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.