



CONFLICT OF INTEREST POLICY

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Charleston Investments Ltd (hereinafter the “Company”) has established a Conflicts of Interest Policy (the “Policy”) in an attempt to 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 any investment service.

The Company is required by the rules of the Financial Services Commission (the “FSC”) to maintain a conflicts of interest policy identifying the circumstances that constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, and specifying the procedures that the Company follows, as well as the measures it has adopted in order to manage such conflicts. All financial services firms are likely to face areas of potential conflicts of interest, the nature of these depending upon the nature of a firm’s business model.

The Company maintains and operates effective organisational and administrative arrangements with a view of taking all reasonable steps designed to prevent and manage conflicts of interest that may arise during the provision of any investment services, from adversely affecting the interests of its clients.

It is the policy of the Company to identify conflicts of interests involving the Company and related parties/clients as well as to identify situations which may give rise to the appearance of a conflict of interest, and to address such conflicts and situations in a manner that will fully protect the integrity and reputation of the company, as well as related parties/clients.

The Company has in place arrangements designed to ensure that:

- a) where there is a conflict of interest, the conflict is appropriately disclosed.
- b) it controls the flow of information where, otherwise, the risk of a conflict of interest may harm the interests of a client.
- c) ensure that all conflict of interests shall be appropriately addressed.

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. 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.

Identification of Potential Conflicts of Interest

For the purposes of identifying the types of conflicts of interest that arise in the course of providing investment 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 investment activities:

- a) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, 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, or a person directly or indirectly linked by control to the Company, 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;
- c) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- d) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, carries on the same business as the client;
- e) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, 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;

For the avoidance of any doubt, a relevant person in relation to the Company means any of the following:

- a) a director, partner or equivalent, or manager of the Company ;
- b) an employee of the Company as well as any other natural person whose services are placed at the disposal and under the control of the Company and who is involved in the provision by the Company of investment services and activities;
- c) a natural person who is directly involved in the provision of services to the Company under an outsourcing arrangement for the purpose of the provision by the Company of investment services and activities;

Conflicts of interest can occur in a number of situations, for example:

- a) The Company is likely to sustain an overall financial loss or avoid a financial loss, by executing a client's specific order.
- b) The Company is likely to sustain an overall financial gain by not executing a client's specific order.
- c) The market moves to a direction of a point/timing when by executing client's order will result in a financial loss for the Company.
- d) The Company's hedging policy is affected negatively by the market movement and as a result client's orders are rejected in order to prevent a financial loss for the Company.

Managing Conflicts of Interest

The Company has established suitable and adequate internal procedures for minimising any potential conflicts of interest. The Company maintains a Compliance Department that is an independent unit within the Company. Some of the duties of the Compliance Department 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.

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:

- 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;
- 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;
- d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment services or activities;

- e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment services or activities where such involvement may impair the proper management of the conflicts of interest.
- f) Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment services or activities such as reception and transmission of clients' orders and tasks such as portfolio decision making and calculating performance.

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

- Establishment of Chinese Walls for preventing the communication of material non-public information between departments. 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.
- The supervision and segregation of duties of relevant persons who are involved in the provision of services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company,
- 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,
- In the case where the Company distributes marketing communication to its clients, it ensures that the said communication is reviewed and approved by the Compliance Department prior to distribution. The Compliance Department also ensures that such communication meets the relevant definition of marketing communication as well as having the appropriate disclosure statement,
- Personal account dealing restrictions are in place for minimising the relevant person's own transactions.
- 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.
- No remuneration, discount or nonmonetary benefit is accepted by the Company or a relevant person which would infringe the requirements on conflicts of interest or inducements or order execution rules.
- Procedures in regard to the monitoring of access to electronic data.

For further details with regards to the Company's conflicts of interest policies and procedures, you should contact the Compliance Department.

Disclosure of conflict of interest

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.

Prior to carry out a transaction or provide an investment to a client, the Company should disclose any actual or potential conflict of interest to the client provided that the measures taken by the Company are not sufficient to ensure that the risks of damage to the interests of the client will be avoided.

The above disclosure shall include sufficient detail, taking into account the nature of the client, source of conflicts of interest, the risks to 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. The Company reserves the right not to proceed with the transaction or matter giving rise to the conflict if such disclosure is not sufficient to manage a conflict.

Management & Responsibility

The Company's Board of Directors is required to:

- fully engage in the implementation of policies, procedures and arrangements for the identification, management and ongoing monitoring of conflicts of interest;
- adopt a holistic view to ensure the identification of potential and emerging conflicts within and across business lines and to ensure that informed judgments are made with respect to materiality
- raise awareness and ensure compliance of relevant individuals by ensuring: regular training (including to contractors and third party service providers' staff) both at induction and in the form of refresher training; the clear communication of policies, procedures and expectations; that awareness of conflicts procedures forms part of the performance review/appraisal process, and that the best practice is shared throughout the Company.
- sponsor robust systems and controls and effective regular reviews to ensure that strategies and controls used to manage and mitigate risks remain appropriate and effective and that appropriate warnings and disclosures are issued to clients where necessary;
- utilize management information to remain sufficiently up-to-date and informed; and
- support an independent review of the processes and procedures in place.



Conflict of Interest Policy

The Compliance Department who is responsible for the day to day management of the implementation of this policy is responsible for:

- establishing the policy in relation to conflicts of interest;
- providing training oversight and aid;
- monitoring compliance with arrangements;
- the oversight of conflicts management;
- maintaining records in relation to conflicts of interest;
- providing appropriate internal reporting to the Board of Directors.

Amendment / Review

The Company has the right to amend the current Policy at its discretion and at any time it considers it suitable and appropriate. The Company shall review and amend the current policy as necessary at least on an annual basis.

Where organisational or administrative arrangements made by the Company to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, it shall clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business on its behalf.

General Information

Should you have any questions in relation to the Company's conflicts of interest policy, please contact the Compliance Department of the Company at: compliance@charlestonmarkets.com

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