



# CONFLICTS OF INTEREST POLICY



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### 1. Introduction

- 1.1. XM Global Limited operating under the trading name XM is a Securities Service Provider Licensee regulated and authorised by the Financial Services Commission ("FSC") in Belize (hereinafter called the "Company").
- 1.2. The Company needs to abide by the applicable laws and regulations when providing investment services and other ancillary services related to such services.
- 1.3. The Company is required to take all reasonable steps to detect and avoid conflicts of interest and provide its clients with its Conflicts of Interest Policy (hereinafter the "Policy"). The Company is committed to acting honestly, fairly and professionally and in the best interests of its clients and to complying, in particular, with the principles set out in the applicable laws and regulations.

### 2. Purpose and scope

- 2.1. The purpose of this document is to set out the Company's approach to identify and manage conflicts of interest which may arise during the course of its business activities.
- 2.2. The Company has taken all appropriate steps to identify and prevent or manage conflicts of interest which may arise between the Company, including its directors, managers, employees and 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 and ancillary services, or combinations thereof, including the Company's own remuneration scheme and other incentive structures. Accordingly, this Policy sets out the necessary procedures, controls and practices in place to ensure that any conflicts of interest are identified and prevented or appropriately managed.
- 2.3. In case where the steps taken by the Company to prevent conflicts of interest from adversely affecting the interest of its clients are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Company shall clearly disclose to the client, in a durable medium, the general nature and sources of conflicts of interest as well as the risks to the client that arise as a result of the conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf.
- 2.4. Such disclosure shall be a measure of last resort and shall include sufficient detail, taking into account the characteristics of the client to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.
- 2.5. The disclosure shall clearly state that the organisational and administrative arrangements established by the investment firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. The disclosure shall include specific description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is being made. The description shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise.
- 2.6. The Policy applies to all the Company's directors, employees, any persons directly or indirectly linked to the Company (hereinafter called "related persons") and refers to all interactions with all clients.

### 3. Identification of conflict of interests

- 3.1. For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof, and whose existence may damage the interests of a client, the Company takes into account, by way of minimum criteria, whether the Company or a relevant person, is in any of the following situations:



- 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 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;
- c) The Company or 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;
- d) The Company or relevant person carries out the same business as the client;
- e) The Company or 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.

#### 4. Procedures and controls to managing conflicts of interests

4.1. This Policy includes the following content:

- a) identifies, with reference to the specific investment services and activities and ancillary services carried out by or on behalf of the Company, the 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; and
- b) specifies procedures to be followed and measures to be adopted in order to prevent or manage such conflicts.

4.2. In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include, but are not limited to, the following measures:

- 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 or ancillary services or activities; and
- e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services. Such measures include, but are not limited to, the following:
  - A 'need to know' policy governing the dissemination of confidential or inside information within the Group;
  - Chinese walls restricting the flow of confidential and inside information within our company, and physical separation of departments;
  - Procedures governing access to electronic data;
  - Segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
  - Personal account dealing requirements applicable to relevant persons in relation to their own investments;
  - A gifts and inducements log registering the solicitation, offer or receipt of certain benefits;
  - The prohibition of external business interests conflicting with our interests as far as the Company's officers and employees are concerned, unless board approval is provided;
  - A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
  - Organisational and administrative arrangements to limit the conflict of interest arising from the giving and receiving of inducements.

4.3. The Company also undertakes on-going monitoring of business activities to ensure that internal controls to prevent or manage conflicts of interest are appropriate.

4.4. The Compliance Department shall be responsible for identifying and managing potential conflicts of interests and reporting directly to the Board of Directors and Senior Management in relation to the latter. The Compliance Department shall also update the relevant internal procedures and ensure compliance with such procedures.



## 5. Disclosure

- 5.1. Where a conflict arises and the Company 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, we may choose not to proceed with the transaction or matter giving rise to the conflict.
- 5.2. The Company reserves the right to assess and periodically review, at least annually, and, if necessary, amend this Policy and its arrangements, at its sole discretion, whenever it deems fit or appropriate, in order to address any deficiencies.
- 5.3. This Policy does not form part of the Company's Terms and Conditions of Business and is not intended to be contractually binding or impose or seek to impose any obligations on us which we would not otherwise have, but for the applicable laws and regulations.