



**INVESTMENTS
LIMITED**

CONFLICT OF INTEREST POLICY

**Approved by the Board of Directors
on December 23, 2019
Limassol**

POLICY REVISION HISTORY

No.	Date	Description
1	May 2012	Initial Draft
2	December 2015	Revision
3	April 2017	Revision
4	December 2017	Revision (by Meerkat)
5	December 2018	Revision by Compliance
6	December 2019	Review by Compliance
7		
8		
9		
10		

RECIPIENTS:

- Board of Directors
- Senior Managers
- Department Heads
- Compliance Officer
- Risk Manager

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1. INTRODUCTION

Following the implementation of the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) and in accordance to the provisions of the Financial Services and Activities and Regulated Markets Law of 2017 (the “Law”) of the Cyprus Securities and Exchange Commission (“CySEC”), NBI Investments Limited (hereinafter called the “Company”) is required to establish, implement and maintain an effective conflicts of interest policy (the “Policy”) designed to prevent conflicts of interest. The Policy must be set out in writing and be appropriate to the size and organisation of the Company and the nature, scale and complexity of its business.

2. AIM OF THE POLICY

The Policy aims to identify and prevent or manage conflicts of interest between the Company, including its managers, employees and tied agents, or any person directly or indirectly linked to them by control, and its clients or between one client and another, or combinations thereof, including those caused by the receipt of inducements from third parties or by the investment firm’s own remuneration and other incentive structures.

Specifically, the Policy:

- 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 risk of damage to the interests of one or more clients; and
- Specifies the procedures to be followed and the measures to be adopted to prevent or manage such conflicts.

Conflicts of interest should be regulated only where an investment service or ancillary service is provided by the Company. The status of the client to whom the service is provided — as either retail, professional or eligible counterparty — is irrelevant for this purpose.

3. IDENTIFICATION OF CONFLICTS OF INTEREST

For the purpose of identifying the types of conflicts of interest that may arise, the Company shall take into account whether itself or a relevant person or a person directly or indirectly linked by control to the Company, may in the course of providing Investment and Ancillary Services or a combination thereof:

- Is likely to make a financial gain or avoid a financial loss at the expense of the client;
- 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;
- Has a financial or other incentive to favor the interests of another client or group of clients over the interests of the client;
- Carries on the same business as the client;
- 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 monetary or non-monetary benefits or services.

Specifically, given the Company’s current business model, the following conflicts of interest have been identified:

- 1) Personal Account Dealing;
- 2) Inside and Proprietary Information;
- 3) Inducements;
- 4) Selection of Service Providers;
- 5) Remuneration of Staff;
- 6) Access to electronic data; and
- 7) Supervision and segregation of departments.

In respect of these conflicts, the Company maintains and operates procedures with a view to taking all appropriate steps to prevent conflicts of interest from constituting or giving rise to material risk of damage to the interests of the Company's clients.

4. MANAGEMENT AND PREVENTION OF CONFLICTS OF INTEREST

Senior management is responsible for ensuring that the Company identifies, prevents and manages its conflicts of interest. In managing the Company's conflicts of interest, senior management will:

- Ensure that all staff are aware of the critical importance of the Policy in carrying out the Company's business, and the need to report any perceived conflict of interest promptly;
- Review any actual or potential conflict of interest as soon as it is identified and identify appropriate steps to manage the conflict as necessary; these steps shall have the aim of preventing the risks of damage to the interests of a client;
- Communicate to all relevant staff the procedures to be followed in order to manage the conflict of interest; and
- Document the conflict of interest and the measures undertaken in the Policy.

Moreover, the Company ensures that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence. The procedures to be followed and measures to be adopted that are necessary for the firm to ensure the requisite degree of independence include the following:

- An effective security policy with various access levels 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;
- 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 firm;
- 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;
- 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
- 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.

The Company pays special attention to the activities reception and transmission and investment research. In particular, such special attention is appropriate where the Company or a person directly or indirectly linked by control to the Company performs a combination of two or more of these activities.

Based on the conflicts identified in Section 3 of this Policy, the Company applies the following measures to prevent such conflicts from arising.

4.1. PERSONAL ACCOUNT DEALING

The Company has implemented a personal account dealing policy, with which staff, and related persons under their control, must comply. At the commencement of their functions, members of staff are required to commit to comply with this policy.

All transactions in financial instruments by staff and relevant persons must be reported to the Compliance Officer promptly. These transactions must include precise dates and timings and any authorization or prohibition in connection with such a transaction.

4.2. INSIDE AND PROPRIETARY INFORMATION

Staff members, who, in pursuit of the Company's business activities, possess inside or proprietary information must preserve its confidentiality and disclose it only to other staff who have a valid business reason for receiving it. Members of staff who believe they have received inside information from any source must immediately contact the Compliance Officer. The Company and its staff members cannot use or further disclose the information where it has been received.

Additionally, the Company has established "Chinese walls" 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. Specifically, the Chinese walls have been established between the following departments/functions:

- Reception and transmission of orders;
- Execution of Orders on Behalf of Clients;
- Portfolio Management; and
- Investment Advice.

4.3. INDUCEMENTS

Personal Gifts

The Company operates a personal gifts procedure, which is applicable to benefits or inducements to staff which might be seen as conflicting with their duties to the Company or to any of the Company's clients. To address conflicts of interest that may arise when a member of staff accepts a gift, the Company applies a general rule that always any such gifts cannot exceed the amount of EUR100.

Receipt of Fees and Commission

The Company is not paying or is being paid any fee or commission or providing or being provided with any non-monetary benefit in connection with the provision of an investment service or ancillary service to

the client, unless the fee, commission or non-monetary benefit is designed to enhance the quality of the relevant service to the client.

A fee, commission or non-monetary benefit shall be considered to be designed to enhance the quality of the relevant service to the client if all of the following conditions are met:

- 1) It is justified by the provision of an additional or higher-level service to the relevant client, proportional to the level of inducements received, such as:
 - a) the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the client, including an appropriate number of instruments from third party product providers having no close links with the investment firm, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments.
- 2) It does not directly benefit the recipient firm, its shareholders or employees without tangible benefit to the relevant client;
- 3) It is justified by the provision of an on-going benefit to the relevant client in relation to an ongoing inducement.

In relation to any payment or benefit received from or paid to third parties, the Company shall disclose to the client the information required by the relevant Law.

4.4. SELECTION OF SERVICE PROVIDERS

In the event of any personal relationship between the Company and the third party, or a person connected to them, the Company takes this into account and considers potential conflicts or the appearance of conflicts in making its selection. As far as possible, the connected party should refrain from being involved in the actual decision-making process.

The Company prevents conflicts arising regarding the selection of a service provider by not accepting or providing fees, commissions and non-monetary benefits which do not directly enhance the service offered.

4.5. REMUNERATION OF STAFF

Staff remuneration is carefully considered to ensure that conflicts do not inadvertently arise through targets that inappropriately incentivise staff members to behave in a manner that disadvantages the interests of clients in favour of the Company.

As a policy, none of the Company's employees and/or Directors can be remunerated based on the successful promotion of certain products or financial instruments over others.

Additionally, in no case will the variable remuneration component exceed 100 % of the fixed component of the total annual remuneration for each individual.

4.6. ACCESS TO ELECTRONIC DATA

The Company has a security policy in place, which governs the access to electronic data so that the persons engaged in each department do not have a direct physical access to records and information

concerning the subject matter of another department and which are not considered necessary for the execution of specific work. Specifically, separate permissions and access rights are provided for the various departments.

4.7. SUPERVISION AND SEGREGATION OF DEPARTMENTS

The Company maintains separate supervision and segregation of departments / functions which provide services to clients, whose interests may conflict with those of other clients or with the interests of the Company.

5. DISCLOSURES

In the case where the Company's organisational arrangements to prevent conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Company a measure of last resort shall clearly disclose to the client the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf. Such disclosure shall:

- Be made in a durable medium; and
- Include sufficient detail, taking into account the nature 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.

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 must also 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.

6. RECORD KEEPING

The Company shall maintain 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 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.

The record will be kept by the Compliance Officer at the usual place of business. Any actions must be recorded and reported to the Board of Directors without any delay.

The Board shall receive on a frequent basis, and at least annually, written reports on cases of services or activities giving rise to detrimental conflict of interest.

7. UPDATING AND REVIEW OF THE POLICY

At least on an annual basis, the Company shall assess and review its Policy, and shall take all appropriate measures to address any deficiencies. The Company should avoid over-reliance on disclosure of conflicts of interest since it is considered a deficiency in the Company's overall conflicts of interest policy.