

Finalto

CONFLICT OF INTEREST POLICY

CONTENT

STATEMENT OF PRINCIPLE.....	2
INTRODUCTION.....	2
SCOPE AND APPLICATION.....	2
GENERAL PRINCIPLES.....	3
THE NATURE OF CONFLICTS OF INTEREST.....	4
PREVENTION OF CONFLICTS.....	4
IDENTIFICATION OF CONFLICTS OF INTEREST.....	7
CONFLICT NOTIFICATION.....	7
REVIEW OF CONFLICTS.....	7
CONTROLS IN PLACE TO MANAGE CONFLICTS.....	7
REMUNERATION.....	9
RESOLUTION OF CONFLICTS.....	9
CONFLICTS MONITORING.....	9
APPENDIX A.....	10

Finalto Asia Pte Ltd (“the Firm”, “we”) conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its clients.

INTRODUCTION

This document sets out the Firm’s procedures in relation to the prevention, identification, management, reporting and ongoing monitoring of conflicts of interest. Senior management within the Firm are responsible for ensuring that the systems, controls and procedures are appropriate to prevent, identify and manage conflicts of interest. The Compliance Officer of the Firm assists in the prevention, identification and monitoring of actual and potential conflicts of interest.

SCOPE AND APPLICATION

This procedure applies in respect of all activities conducted in and by the Firm. All Relevant Persons need to make themselves familiar with it. In addition, to the procedures outlined below, all Relevant Persons should be familiar with the Firms’ **Personal Account Dealing Policy** which also has a bearing on the management of conflicts of interest.

- i. For the purposes of this document, this policy applies to those conflicts of interest that may adversely affect the interests of a client. Conflicts of interest may arise between:
 - the Firm and a client;
 - a Relevant Person and a client;
 - two or more clients of the Firm in the context of the provision of services by the Firm to those clients; or
 - a Firm Vendor and a client.
- ii. For the purposes of this policy, **clients** include:
 - existing clients of the Firm;
 - potential clients (where the Firm is seeking individually to enter into a contractual relationship in respect of Regulated Business services); and
 - past clients where fiduciary or other duties remain in place

➤ For the purposes of this policy, “**Regulated Business**” means all forms of sales and trading activities in derivatives and their underlying instruments and foreign exchange services related to sales and trading activity.
- iii. For the purposes of this policy, “**Relevant Person**” means any of the following:
 - a director, partner or equivalent, manager, or appointed representative (or where applicable, tied agent) of the Firm or any person directly or indirectly linked to them by control;
 - an employee of the Firm or of an appointed representative (or where applicable, tied agent) of the Firm; or any person directly or indirectly linked to them by control; or
 - a person who is involved in the provision of services to the Firm or its appointed representative (or where applicable, tied agent) under an outsourcing arrangement for the purpose of the provision by the Firm of investment services and activities or any person directly or indirectly linked to them by control.

➤ For the purposes of this policy, a “**Firm Vendor Relationship**” means a relationship that the Firm has with a service provider, **including** but not limited to entities providing outsourcing facilities to the Firm, where services are being provided to the Firm.

- iv. For the purposes of this policy, "**immediate family**" means spouse, civil partner, children and step-children, except a spouse, civil partner or adult child/step-child who independently manages his or her own investments without direction or control by or advice the Relevant Person.
- v. For the purposes of this policy, "**Position of influence at a client**" means a person with a position of influence at a client. This would include an executive or non-executive director, head of department, client services representative or other person with decision-making authority or has direct access to client information.
- vi. For the purposes of this policy, "**Relationship**" means a person with whom the employee has a personal relationship may be someone other than "immediate family" as defined above. Such a person may, for example, include siblings, partner or close personal friends. The guiding principle is whether the relationship is expected to have an impact on the independence of the employee while working for the client. If the person with whom the employee has a personal relationship is in a position of influence at an entity supplying or seeking to supply goods or services or competitor to the Firm, this must be disclosed to the Compliance Officer.

GENERAL PRINCIPLES

The key concepts underlying this policy are as follows:

We will take all reasonable steps to identify conflicts of interests between ourselves (including our managers, employees, or any person directly or indirectly linked to us by control) and any client; or between one client and another that arise or may arise in the course of us providing any service to our clients in the course of carrying on regulated activities or ancillary services.

For the purposes of identifying conflicts of interest, we will take into account, as a minimum, whether the Firm or a Relevant Person, or a person directly or indirectly linked by control to the Firm:

- i. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- ii. 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;
- iii. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- iv. carries on the same business as the client; or
- v. receives or will receive from a person other than the client a benefit 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.

We will maintain and operate effective organisational and administrative arrangements with a view to taking reasonable steps to prevent conflicts of interest from constituting or adversely affect the interests of our clients.

In relation to the identification and management of conflicts of interest we will take into account:

- i. the risk that a conflict of interest may adversely affect the interests of a client, a group of clients or all of our clients;
- ii. the nature, scale and complexity of our business in Singapore and internationally; and
- iii. the nature and range of products and services offered in the course of that business.

Although the Firm has effective procedures in place to identify and manage conflicts of interest, it will also work to prevent such conflicts of interest from arising. The Firm will ensure that staff receives training which will enable them to identify situations which might lead to conflicts of interest arising and the best approaches to take.

THE NATURE OF CONFLICT OF INTEREST

Conflicts of interest can take many forms. They arise where there is a mismatch between the interests of one party to an agreement and another party. The circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between the interests of the Firm or certain persons connected to the Firm or the Firm's group and the duty the Firm owes to a client; or between the differing interests of two or more of its clients, to whom the Firm owes in each case a duty.

POTENTIAL PERSONAL CONFLICT OF INTEREST

A potential personal conflict of interest may exist where:

- i. an employee (or a member of his / her immediate family) has a financial connection with a client or competitor;
- ii. an employee has a personal relationship with a client or competitor;
- iii. an employee has a personal relationship with a supplier or competitor;
- iv. an employee has received benefits (e.g. gifts) from a client or a business services person from a supplier; and
- v. an employee is a director or trustee of a client or competitor.

There may be other situations that do not fit into the categories described below where a personal conflict may arise. All employees must be alert to such conflicts and must disclose them to the Compliance Officer, if the employee is asked to act for that client or are linked to that competitor.

GROUP INTERESTS

Any financial connections that the employee has with a client or personal connection with a competitor should be disclosed where it could be reasonably argued that his/her independence is threatened as a result.

All employees must disclose these matters to the Compliance Officer before starting work and must also include them in the **Conflict of Interest Policy Declaration** which required to be completed annually.

Details of financial interests and whether or not they need to be disclosed are as follows:

- i. shareholdings or other securities in a company held by the employee or, to his/her knowledge, any immediate family, the value of which is likely to be affected by the subject matter of the retainer must be disclosed (subject to the proviso that holdings worth less than the local equivalent can be disregarded for this purpose) even if the purchase was previously approved by the Firm;
- ii. investments in pension funds or similar investments do not need to be disclosed, provided they are on normal commercial terms;
- iii. bank or other savings accounts in relevant clients do not need to be disclosed, provided they are on normal commercial terms; and
- iv. If the employee is related to, or are a close personal friend of, an individual who would stand to benefit personally to a material extent from the subject matter of the retainer or information he/she has gained by his/her employment at the Firm, this must be disclosed.

PERSONAL RELATIONSHIPS

If the employee has a personal relationship with someone who works for a client or supplier organisation, or who is a client or supplier themselves or competitor, he/she needs to ensure that they do not compromise the Firm's or his/her own independence. The employee should start by discussing the situation with the Compliance Officer.

If the person with whom the employee has a personal relationship is in a position of influence at the client or is the person from whom the Firm has dealings or competitor, he/she should not personally work for that client **unless this has been approved in advance** by the Compliance Officer.

While the employee may consider that he/she are able to act independently, external perceptions are also important; it is therefore important that someone impartial makes the decision as to your personal involvement in the matter.

PREVENTION OF CONFLICTS

The Firm has the following procedures in place to prevent conflicts of interest:

- i. divisions and legal entities operate with appropriate independence from one another;
- ii. supervisory arrangements provide for 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;
- iii. there are appropriate controls in place to identify and manage cross-board memberships and outside business interests of Relevant Persons;
- iv. where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- v. 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;
- vi. where necessary, Relevant Persons are subject to personal account transaction rules; and
- vii. there is a periodic review of the appropriateness of the Firm's systems and controls.

IDENTIFICATION OF CONFLICTS OF INTEREST

Conflicts of interest may arise at any time. They can arise at the start of a relationship with a client as well as at any time during a relationship.

APPENDIX A sets out examples of potential conflicts that may arise in the course of our activities. The purpose of this list is to assist directors and employees identify potential conflicts of interest. All employees should review **Appendix A** of this policy and ensure that they understand the nature of the conflicts concerned. This will assist all employees in ensuring that they observe the requirements of this policy.

COMMENCEMENT OF CLIENT RELATIONSHIP

The Onboarding Department signs off all new clients prior to us undertaking business with or on their behalf. Prior to providing sign-off, the Onboarding Team will consider any potential conflicts of interest.

IDENTIFICATION OF CONFLICTS OTHER THAN AT THE COMMENCEMENT OF A RELATIONSHIP

All directors and employees have an ongoing responsibility to remain alert to the potential for conflicts of interest and to ensure that any such conflicts are appropriately escalated via the Compliance Department.

CONFLICT NOTIFICATION

The Compliance Officer acts as the central co-ordination point in relation to conflicts of interest. Accordingly, any actual or potential conflict of interest whether it arises at the commencement of a client relationship or at some other time, should be reported to the Compliance Officer. In relation to any such conflicts, the following information should be provided (as far as possible):

- i. names of the clients or clients concerned;
- ii. nature of the conflict;
- iii. whether the conflict is deemed to be an actual conflict or a potential conflict; and,
- iv. names of the individuals within the Firm best placed to resolve the conflict.

REVIEW OF CONFLICTS

Upon receipt of a Conflict Notification, the Compliance Officer will:

- i. Log the conflict on the Register of Conflicts of Interest.
- ii. Assess the conflict to determine whether it is:
 - a) a perceived rather than actual conflict and one in relation to which no further action is required and;
 - b) a conflict which does not have commercial implications for the Firm and in relation to which the Compliance Officer is the appropriate individual to resolve.
- iii. Record the outcome of the assessment in the Register of Conflicts of Interest.
- iv. Ensure the conflict of interest is subject to ongoing monitoring.

The details recorded on the Register of Conflicts of Interest must include all of the parties involved, the reason for the conflict, details of who identified and reported the conflict, how the conflict will be managed internally, the date the client was advised, the client response and whether or not the transaction was undertaken.

CONTROLS IN PLACE TO MANAGE CONFLICTS

The Firm has a management structure in place, including separation of functions, appropriate reporting lines and internal segregation that have been designed in order to ensure that the possibility of any conflict of interest is minimised and if they do arise, that they are appropriately managed, which includes:

- i. Information barriers (internal segregation).
- ii. Electronic separation through separation of e-mail and computer access.
- iii. Physical barriers, locating different parts of the Firm on different floors of the building.
- iv. Identification and separation of conflicts when they arise.
- v. New products and services are reviewed before launch and any potential conflicts are considered.

- vi. Personal Account Dealing Policy for staff to follow.
- vii. Gifts, Benefits and Entertainment Policy for staff for staff to follow.
- viii. Staff are required to disclose any outside interests, such as directorships and second jobs.
- ix. Independent management structures and reporting lines which only meet at Executive Management Committee and/or board level.

All employees of the Firm under the Terms of their Contract of Employment and in accordance with the Firm's Compliance Procedures Manual are required to promptly provide the Firm's Compliance Officer with electronic copies of any Personal Account Dealing that they may conduct in relation to regulated instruments.

All employees of the Firm are required, under the Terms of their Contracts of Employment and the Firm's Compliance Procedures Manual, to immediately advise the Firm's Compliance Officer of any family members or personal friends who are either clients, employees or service providers or competitors to the Firm or any of its associated companies. In the event of a conflict arising, the management structure will allow the Firm to control the incident, manage the conflict and ensure that there is minimal risk of damage to the interests of the client and that the client is treated fairly at all times.

In the event of an employee identifying a potential conflict, whether or not they are directly involved in the conflicting situation, they must immediately advise the Legal and Compliance Department of the conflict, including details of:

- i. all clients involved and, if applicable, the names and details of any beneficial owners, trustees or directors involved.
- ii. the departments and staff involved with the transaction(s).
- iii. the nature and purpose of the transaction(s).
- iv. their reason for believing a conflict may exist.

The Legal and Compliance Department will assess the information presented and decide if a conflict of interest exists, determine all parties concerned and consider how the conflict can be appropriately managed and minimise any risk of damage to the client's interest.

Following the assessment, the Legal and Compliance Department will summarise the conflict and how it can be managed internally and before proceeding, approval must be obtained from the Compliance Officer. Once approval has been granted, the any clients impacted will be advised of the conflict of interest as soon as possible, in writing, including sufficient details of the conflict, before the Firm continues with the transaction and / or relationship. The client will be provided with an explanation of 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 service in the context of which the conflicts of interest arise. The client will also be informed that the organisational and administrative arrangements established by the 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 customer will be prevented.

The client will be asked to respond as quickly as possible and confirm whether or not they wish the Firm to continue providing advice, services or deal on their behalf.

If the client gives their consent, the Firm will ensure the conflict is appropriately managed internally and continue to provide the service or deal on behalf of the client as originally instructed or as the client directs,

REMUNERATION

The Firm's remuneration policy will encourage responsible business conduct, fair treatment of clients and avoid conflicts of interest in the relationships with clients. The firm will work to avoid conflicts caused by the receipt of inducements by the firm's own remuneration and other incentive structures. The Firm will apply the rules and regulations under SFA (Licensing and Conduct of Business) Cap. 289.

RESOLUTION OF CONFLICTS

In most cases conflicts will be resolved by the Compliance Officer in one of the following ways:

- i. an acknowledgement that existing controls are sufficient to mitigate the conflict, an example, might be where established Chinese walls exist or where the individuals concerned are subject to a policy of independence;
- ii. implementation of additional control measures specific to the conflict concerned;
- iii. declining to act for the client concerned;
- iv. disclosure of the conflict to the parties concerned and seeking their consent to continue with the transaction. In that case, disclosure should be used as a last resort only; and
- v. they must ensure that the use of a connected party is documented in the Firm's risk register.

The way in which a particular conflict has been resolved should be notified to the Compliance Officer who will record the method of resolution on the **Register of Conflicts of Interest**.

CONFLICTS MONITORING

Conflicts of interest which are of an ongoing nature will be reviewed by compliance as part of their ongoing monitoring responsibilities. Furthermore, this policy will be reviewed and updated as necessary annually.

The Register of Conflicts of Interest shall also include a record of the kinds of investment or ancillary service or investment activity carried out by or on behalf of the Firm 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. The Register of Conflicts of Interest shall be reviewed monthly by the Compliance Officer and tabled at each board meeting.

APPENDIX A – POTENTIAL CONFLICTS OF INTEREST (NON-EXCLUSIVE)

- i. Scenario: The Firm or Relevant Person receives substantial gifts or entertainment from third parties (including non-monetary inducements) that may influence behaviour in a way that conflicts with the interests of the Clients of the business.

Control in place: A register of gifts and entertainment provided by clients will be kept. Training will be given to ensure employees are not influenced by such gifts and entertainment.

- ii. Scenario: The Firm may introduce clients known to its employees which may influence employees' behaviour in such a way that may conflict with the interests of other Clients of the business.

Control in place: Employees will be required to notify their line manager and Compliance Officer of any connection with a client.

- iii. Scenario: The Firm or Relevant Person may know someone or have an account with one of the Firm's liquidity provider which may influence behaviour in a way that conflicts with the interests of the Firm's clients.

Control in place: Employees will be required to notify their line manager and Compliance Officer of any connection with a liquidity provider.

- iv. Scenario: The Relevant Person may confirm legitimacy of documents during the Onboarding process in an attempt to expedite the Onboarding process.

- v. Scenario: Finance employee creates an expense claim for himself or anyone else, or increases an amount on an approved expense claim when the payment is set up.

Control in place: All payments have to go through a 2 step review and 2 step bank approval, i.e. 2 finance employees will have to log into the bank, one to set up the payment and another person to approve the payment. In addition, an employee never sets up his own expense claim.

- vi. Scenario: A Finance employee pays a withdrawal out to a bank account not owned by the client.

Control in place: All payments have to go through a 2 step review and bank approval. Finance will set up payment for withdrawals and Operations will review the payments and the transfer out of the trading account and approve the payment in the bank.

- vii. Scenario: A Finance employee creates an invoice and pays out.

Control in place by Finance: All Invoices have to be approved by the relevant head of the department. I.e. IT cost is approved by Ole etc. All payments have to go through a 2 step review and bank approval i.e. 2 finance employees will have to log into the bank, one to set up the payment and another person to approve the payment.

Please note the following: -

We do not consider that any remuneration, fees, discounts or other benefits we receive from, or provide to, our hedging counterparties (our "**Hedging Counterparties**") conflicts with any obligations we owe to our clients. This is because, when we enter into transaction with our clients, we act their direct counterparty that has entered into the client transactions "at risk". Any pricing which we offer in respect of the client transactions from time to time is on the basis that we are our clients' sole execution venue. That is, the pricing which we offer in respect of the clients from time to time is not determined by reference to, or derived from, the pricing of the hedging transactions which we may enter into with our Hedging Counterparties from time to time. The terms of our client transactions (including the pricing) are distinct from those of the hedging transactions which we may enter into from time to time.

Finalto Asia acts as its clients' principal counterparty and it also holds risk on its books. Any back-to-back hedging arrangements which Finalto Asia may enter into from time to time (including any payments it makes to, or receives from, its hedging counterparties) are an internal matter for Finalto Asia and have no bearing on the pricing and the investment services it offers to its clients. This means that the regulatory restrictions on "payments for order flows" as

well as any other rules regarding inducements have no bearing on Finalto Asia's relationships with its own clients. It is important for Finalto Asia's clients to consider Finalto Asia as their sole execution venue. Reference is made to Finalto Asia's Order Execution Policy, which provides additional information in this regard.