

# CONFLICT OF INTEREST POLICY

## **Introduction**

Colmex Pro Ltd (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (license number 123/10).

Following the implementation of the Markets in Financial Instruments Directive (MiFID) in the European Union and in accordance with the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) in Cyprus, the Company is required to provide its clients and potential clients with a summary of its Conflict of Interest Policy (hereinafter the “Policy”).

Under the above legislation, the Company is required to take all reasonable steps to detect and avoid conflict of interest. The Company is committed to act honestly, fairly and professionally and in the best interests of its clients and to comply with the principles set out in the above legislation when providing investment ancillary.

We hereby provide the policy we maintain in order to manage conflict of interest in respect of the duties we owe to our clients.

This Policy is not intended to, and does not create third party rights or duties that would not already exist if the Policy had not been made available.

## **Purpose**

The purpose of this document is to set out the Company’s approach in identifying and managing conflict of interest which may arise during the course of its business activities. The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called “related persons”) and refers to all interactions with clients.

The aim of our Policy is to identify and prevent conflict of interest which may arise between the Company and its clients or between one client and another. Accordingly, we have adopted a conflict of interest policy setting out the procedures, practices and controls in place to achieve this.

The process entails the following actions:

- I. Identification of conflict of interest situations
- II. Management of conflict of interest situations
- III. Disclosure of conflict of interest and record keeping

### **Identification of Conflict of Interest situations**

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 interest of a client, the Company takes into account, whether the Company or a relevant person, is in any of the following situations, as a result of providing investment or ancillary services or investment activities or otherwise:

- (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 a 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;
- (c) The Company or relevant person has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
- (d) The Company or a relevant person carries the same business with the client;
- (e) The Company or a 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 money, goods or services, other than the standard commission or fee for that service.

Conflict of Interest situation can be divided into two categories:

- (a) Conflict of interest which might arise between Clients and the Company (management, employees, tied agents etc.) and
- (b) Between the clients themselves

Taking into consideration the services the Company offers, potential circumstances giving rise to Conflict of Interest may be related to the Reception and transmission of orders, Execution of orders, Dealing on own account and/or Ancillary services.

The paragraph below specifies some of the major sources of potential conflict of interest, which may arise:

- In the area of Investment Research and in particular, from the Company's own interest in the sales of financial instrument(s)
- From payments (e.g. commissions) received from or made to third parties in connection with investment services provided to them
- From performance – related remuneration of employees and agents
- From other business activities of the Company, especially, from the Company's interest in profits from trading on its own account
- From personal relations of employees or members of the Company's Board of Directors or parties related to such persons

### **Management of Conflict of Interest situations**

The Company has set up internal policies and has an in-house Compliance Department that is responsible for identifying and managing potential conflict of interest. The above mentioned Department also updates the relevant internal procedures and ensures compliance with such procedures.

The Company maintains and operates effective organizational and administrative procedures to manage the identified conflict of interest. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

In general, the procedures and controls that the Company follows regarding conflict of interest include the following measures:

- (a) Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving risk of 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 conflict of interests 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;
- (e) 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 conflict of interest.

Some of these policies and procedures established to prevent Conflict of Interest are shown below:

- 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 the company and physical separation of departments
- Procedures governing access to electronic data
- Segregation of duties that may give rise to conflict of interest if carried out 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 Group’s officers and employees are concerned, unless board approval is provided

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- A policy designed to limit the conflict of interest arising from the giving and receiving of inducements
- Establishment of an in-house Compliance Department to monitor and report on the above to the Company's Board of Directors
- Appointment of an internal auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors
- Establishment of the four-eyes principle in supervising the Company's activities

### **Disclosure of conflict of interest and record keeping**

Where the organizational and administrative arrangements described above are not sufficient to ensure with reasonable confidence that the risks of damage of the client's interests will be prevented, the Company clearly discloses the general nature and/or source of conflict of interest to the Client before undertaking business on his behalf.

Disclosure to Clients is done in sufficient detail to enable the Clients to make an informed decision about the investment and ancillary service in the context of which the conflict arises.

If the Company, however, does not believe that disclosure is appropriate to manage the conflict, it may choose not to proceed with the transaction or matter giving rise to the conflict.

The Company reserves the right to review and/or amend its Policy and arrangements whenever this is deemed to be appropriate. Further information about this summary document is available upon request.

Should you have a question about conflicts of interest please direct your questions to our Compliance Department: [compliance@colmexpro.com](mailto:compliance@colmexpro.com)