XS Trades

# CONFLICTS OF INTEREST POLICY

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XS Trades Ltd, (hereinafter the "Company"), is registered and authorized as an International Business Company under the International Business Companies (Amendment and Consolidation) Act, Chapter 149 of the Revised Laws of Saint Vincent and the Grenadines, 2009 with Business Company number 26981 BC 2023.

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 or ancillary services, or combinations thereof.

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 or ancillary services, from adversely affecting the interests of its clients.

The Company is committed to act honestly, fairly and professionally and in the best interests of its Clients, when providing investment services and other ancillary services related to such investment services.

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 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, 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 or ancillary services or investment activities:

a) The Company or a 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 in that outcome;
c) The Company or a 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 a relevant person carries on the same business as 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 monies, goods or services, other than the standard commission or fee for that service;


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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, manager, or tied agent of the Company;
b) a director, partner or equivalent, or manager of any tied agent of the Company;
c) an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company and who is involved in the provision by the Company of investment services and activities;
d) a natural person who is directly involved in the provision of services to the Company or tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services and activities;
e) persons or services outsourced who directly or indirectly may affect the interest of the Clients or potential Clients.

**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 Officer 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 but are not limited to 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 or ancillary services or activities;
e) ongoing monitoring of business activities to ensure that internal controls are appropriate;
f) 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 the conflicts of interest.

More specifically, the Company states some of the policies and procedures that it has implemented for managing possible conflicts of interest below but are not limited to, the following:


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- Establishment of Chinese Walls for preventing the communication of material non-public information between departments,
- 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,
- For avoiding any abuse of position, the four-eyes principle is implemented. The four-eyes principle means that a certain activity, i.e. a decision, transaction, etc., must be approved by at least two people.
- 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 regards to the monitoring of access to electronic data
- Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to the firm's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or Client confidential information in their personal dealings and must ensure that Clients are never disadvantaged as a result of their dealings.

**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 or an ancillary service to a client, the Company should disclose any actual or potential conflict of interest to the client provided that the measures taken


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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 or ancillary 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.

**Client's Consent**

By entering into a Client Agreement with the Company for the provision of investment services, the Client is consenting to an application of this Policy on him. Further, the Client consents to and authorizes the Company to deal with the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any material interest in a transaction, without prior reference to the Client. In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the Client.

**Amendment / Review**

The Company has the right to amend the current Policy at its discretion and at any time it considers is suitable and appropriate. The Company shall review and amend the current policy 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@xstrades.com.

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