



## **Conflict of Interest Policy**

## 1. Introduction

AFS Global Ltd (Labuan Company No.: LL14899) (hereinafter referred to as 'AFS', 'Company', 'we', 'our', 'us' as appropriate) is a Labuan company licensed by the Labuan Financial Services Authority to conduct Labuan fund management under licence number FML/21/0060A and Labuan money-broking business under licence number MB/18/0025.

This policy document sets out AFS's approach to the identification of such conflicts of interest and their prevention or management.

AFS will also maintain a Conflicts of Interest Register regarding the kinds of investment or services carried out on behalf of the Company in which a conflict of interest entailing a risk of damage to the interest of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

This Policy and the register will be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

This Policy should be read in conjunction with the Company's Client Agreement. 'Financial Instruments' shall refer to all financial products provided by the Company under the Client Agreement.

## 2. Scope

The Policy applies to the Company as well as all its directors, employees, and any persons directly or indirectly linked to the Company (hereinafter the 'Related Persons') and refers to all interactions with all Clients.

## 3. Conflicts of interest

The services that AFS provides to its clients could potentially give rise to conflicts of interest entailing a material risk of damage to the interests of one or more clients or the Company. This document aims to set out these potential conflicts and the procedures that are in place to be followed and measures to be adopted in order to prevent, or manage, such conflicts.

Conflicts of interest may occur between a client and AFS, including its managers, employees or any persons directly or indirectly linked to the Company by control, or between two or more clients in the course of providing any investment or ancillary services, or combinations thereof.

Treating Customers Fairly is central to the core values of AFS. There is an embedded culture that understands what acceptable and unacceptable behaviour is. As such, conflicts of interest and the identification / management / mitigation thereof are central to this philosophy and culture.

## 4. Identifying situations where a conflict may arise

The circumstances giving rise to conflicts of interest include all cases where there is a conflict between the:

- Interests of AFS or its Related Persons; and the duty that AFS owes to a client; or
- Differing interests of two or more clients, as AFS owes a separate duty to each of them;

Between AFS and other Group entities;

Between AFS, other Group entities and Third-Party Providers.

Conflicts of interests could prejudice a client in various ways, whether or not AFS suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. For the purposes of identifying the types of conflicts of interest that arise or may arise, AFS must take into account, as a minimum whether the Company, a relevant person (e.g. a director, employee or an appointed representative or a director, partner or employee of an appointed representative or a person who is directly involved in the provision of services to the Company or its appointed representative under an outsourcing agreements) or a person directly or indirectly linked by control to the Company:

- 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 the 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 favour one client (or group of clients) over the interests of another;
- Carries on the same or similar business as the client; and/or
- Receives an inducement from a third party in the execution of the service provided to the client, in the form of monetary or non-monetary benefits or services.

### Conflicts

AFS has identified the following circumstances in which general types of potential conflicts of interest may arise:

- The Company or an associate undertakes designated investment business for other clients including its associates (and the clients of its associates);
- A director or employee of the Company, or of an associate, is a director or partner of, holds or deals in securities of, or is otherwise interested in any company whose securities are dealt in on behalf of a client;

- A director or employee of the Company, or of an associate, is involved in the management of any company whose securities are dealt in on behalf of a client;
- A transaction is effected in units or shares of a fund or company of which the Company or an associate is the manager, operator or adviser;
- A transaction is effected in securities in respect of which the Company or an associate, or a partner, director or employee of the Company or an associate, is contemporaneously trading or has traded on its/their own account or has either a long or short position;
- The Company or a Related 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.
- The Company or a Related Person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client.
- The Company or a Related Person carries on the same business as the Client.
- The Company may match a Client's orders with that of another Client by acting on such other Client's behalf as well as on the Client's behalf.
- The Company may provide other services to associates or other Clients of the Company who may have interests in financial instruments or underlying assets, which are in conflict or in competition with the Client's interests.
- The Company may act as the Principal to clients' transactions (particularly in Derivative Financial Instruments) and therefore may stand to profit if the client loses;
- The Company may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs; the Company may make a financial gain, or avoid a financial loss, at the expense of the client.
- The Company, in pursuing its own commercial interests, acts in a manner that is not in the client's best interests because it cannot make money unless the client loses money. Such a conflict of interest may be exacerbated as a result of high leverage often offered to retail clients trading CFDs, NDFs or other speculative products, which increases the potential profits and losses at stake.
- Recommending a higher fee product over a lower fee product to improve the Company revenues;

- Paying excessive commissions or fees for brokerage or custodial activity which may subsequently result in the detriment of the Client;
- The Company may receive or pay inducements to or from third parties;
- Use of an affiliated party or a company within the same group with us for brokerage or custodianship at less favourable rates than available elsewhere;
- The opportunity for an affiliated party to negotiate the terms of a joint transaction to their benefit;
- Not properly designed fees structure for clients and compensation structure for managers;
- Related persons accepting gifts from any person with any material interest which is likely to conflict with any duty which is owed to Clients in connection with treating customers fairly.
- The Company may transmit clients' orders with respect to certain securities and Financial Instruments, for execution to third-party execution brokers in order to arrange for the purchase or sale of the said products. Clients' orders may, at the discretion of the execution broker, be aggregated with the execution brokers' own orders, orders of any of its associates and/or their clients. Furthermore, the execution broker may split a client order as well as aggregate orders before the execution where it may work to the disadvantage of any particular clients or orders.
- In relation to certain derivative financial instruments the Company purchases the underlying asset to the financial instruments offered at the Company's proprietary prices; the underlying asset are kept under the Company's own account with third party brokers.

## 5. Prevention and management:

AFS has identified specific potential conflicts of interests which may arise in relation to its activities. The general nature and/or source of these conflicts will be disclosed to clients before undertaking business in sufficient details to enable the client to make an informed decision about the service in the context in which the conflict has arisen. For each potential situation, AFS has analyzed whether the risk is actual or potential for one or more of its clients.

It is not always possible to prevent actual conflicts of interest from arising. In that case AFS will try to manage the conflicts of interests by segregating duties or establishing Chinese Walls. In certain circumstances, AFS may have to decline to take on a new client.

If AFS considers developing new products or services or making other changes to its business model or operations, Senior Management will consider whether any additional potential conflicts of interest arise.

Senior management/Compliance will update the Conflicts of Interest Policy and Register of Potential Conflicts of Interest as necessary on an ongoing basis and formally consider the continued adequacy of the arrangements annually.

Senior managers will receive written reports on the Company's conflicts of interest records on an annual basis.

#### **a) Measures**

The above said, the Company takes the following measures for preventing and managing Conflicts of Interests:

- Where the Company receives and transmits the order for a Client, it does not give any preferential treatment to that Client to the detriment of other Clients and does not disclose the details of one Client order to other Clients;
- Where the Company executes orders on behalf of clients and acts as the client's counterparty, it manages its market risk exposure by hedging client orders always on a one-to-one basis in line with its license.
- Generally, Related Persons may not accept gifts from any person with any material interest which is likely to conflict with any duty which is owed to Clients in connection with treating customers fairly.
- The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- The Company undertakes effective procedures to prevent or control the exchange of information between Related 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 Related Persons whose principal functions involve providing services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- Measures to prevent or control the simultaneous or sequential involvement of a Related Person in separate investment services where such involvement may impair the proper management of conflicts of interest.
- For any deviation from the policies of the Company, the consent of the Board shall be required.

## **b) Inducements**

The Company shall not act honestly, fairly and professionally in accordance with the best interest of a client if, in relation to the provision of an investment or ancillary service to the client, it pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit, other than the following:

- (i) a fee, commission or non-monetary benefit paid or provided to or by the Client or other person on behalf of the Client
- (ii) a fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:
  - the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the Client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment or ancillary service.
  - the payment of the fee or commission, or the provision of the non-monetary benefit must be designed to enhance the quality of the relevant service to the Client and not impair compliance with the Company's duty to act in the best interests of the Client.
- (iii) Proper fees which enable or are necessary for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the Company's duties to act honestly, fairly and professionally in accordance with the best interests of its clients.

The Company will ensure that it will never pay or receive fees or commissions where the above are not complied with.

## **c) Personal account dealing**

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 Company'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.

AFS's Personal Account Dealing measures have been established to ensure that personal account dealing by members of staff comply with the above measures.

**d) Outside employment nad business interests**

No employee may engage in any other employment, outside directorships or provide services to any other person unless specifically approved in writing in advance by senior management. It is strictly forbidden for an employee to participate in any outside business interests which may interfere with the employee's work, or which may give rise to conflicts with the Company or its clients.

**e) Aggregation of orders**

Where AFS aggregates the orders of clients, it must ensure that this does not work to the overall disadvantage of any clients whose order is to be aggregated.

**f) Disclosure**

In certain cases, where arrangements in place are not sufficient to ensure with reasonable confidence that these are sufficient to avoid or manage a conflict of interest, and always as a measure of last resort, AFS will disclose the general nature and/or source of potential or actual conflicts to its client in writing before undertaking business on its behalf.

The disclosure will be made in a durable medium and it will include sufficient details to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest arises when providing investments services and/or ancillary services. The description will explain the general nature and sources of conflicts of interest, as well as the risk to the client that arise as a result of the conflict and the steps taken to mitigate that risk.

**g) Segregation of duties**

There is effective segregation of the duties that may give rise to conflicts of interest if carried out by the same individual.

**h) Information barriers**

AFS maintains appropriate policies in its Information Security and Data Protection Policy detailing Information Barriers often known as Chinese Walls so as to limit or withhold the use of information that is price-sensitive, confidential and could give rise to market abuse, restrictions on dealing, conflicts of interest which may harm the interests of one or more clients or any other improper or unethical activities.

**i) Access to electronic data**

AFS has security measures 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.

#### **j) Remuneration and oversight**

The management oversight and determination of appropriate remuneration of members of staff is conducted by AFS's Senior Management. Remuneration for non-investment management staff is based on the overall results of the Company and is not based on the success of any transaction. Remuneration for sales staff is partly based on business production. Senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers will qualify as the Remuneration Code Staff, AFS will ensure that MiFID II regulations are followed, and potential conflicts of interest have been considered.

Staff are subject to appropriate management and supervision to ensure that AFS is able to demonstrate that it has appropriate and effective arrangements in place to ensure that conflicts of interest are properly managed.

## **6. 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 authorises 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 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.

## **7. Record keeping**

AFS will keep and regularly update a written record of the kinds of investment or ancillary services or activities 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. These records, that will take the form of a register, will be retained for a minimum of five years from the date of creation and are maintained on an ongoing basis by the Compliance Officer.

## **8. Reporting**

Conflicts of Interest situations or potential conflicts situations should be reported to the Compliance Officer immediately. Our staff are trained to be aware of the risk of conflicts and to report where actual or potential conflicts are identified.

## 9. Contact information

Should you have any questions about conflicts of interest please direct your questions to our Compliance Department: Complaints - AFSG [complaints@afsg.trade](mailto:complaints@afsg.trade)