



CONFLICTS OF INTEREST POLICY

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CONFLICTS OF INTEREST POLICY

Policy Owner: Athlos Capital Investment Services Ltd

Created on: January 2018

Date of approval by the Board of Directors: 3rd January 2021

Review date	Reviewed conducted by	Comments and suggestions for amendments	Amendments Approved and adopted by the Board of Directors
10/04/2019 (V.01/2019/04)	Compliance Function	The policy has been amended as per the IA's suggestions	02/05/2019
04/09/2020 (V.01/2020/09)	Compliance Function	The policy has been amended to include new procedures	03/01/2021



TABLE OF CONTENTS

- 1. SCOPE OF THE POLICY 4
- 2. PURPOSE..... 4
- 3. DEFINITION OF A RELEVANT PERSON 4
- 4. TYPES OF CONFLICTS OF INTEREST 5
- 5. INDICATIVE CASES OF CONFLICTS OF INTEREST..... 6
- 6. OTHER CONFLICTS OF INTERESTS..... 6
- 7. MECHANISMS AND PRACTICES..... 7
- 8. DISCLOSURE OF INFORMATION 9
- 9. DISCLOSURE OF INDECEMENTS..... 10
- 10. RECORD KEEPING 10
- 11. PERSONAL TRANSACTIONS 11
- 12. REVIEW 11



1. SCOPE OF THE POLICY

- 1.1. The Conflicts of Interest Policy (herein the "Policy") applies to the Company itself and/or any Relevant Person (see below definition) in relation to the Company, during the provision by the Company of the investment services and/or the performance of investment activities under its license.
- 1.2. A conflict of interest is a situation, arising in any area of the Company's business, where the Company or an employee of the Company is in a position to exploit a professional or official capacity in some way which may benefit the Company, or an employee of the Company, or a client of the Company, whilst potentially damaging the interest of another client of the Company. A conflict of interest may arise, between the following parties:
 - (a) Conflicts between the interest of the Company and the interest of any Client,
 - (b) Conflicts between the interest of a Relevant Person and the interest of any Client,
 - (c) Conflicts between the interest of one or more Clients inter se, and
 - (d) Conflicts between the interest of the Company or a Client and any third party with which the Company maintains a contractual relationship or other course of dealing.

2. PURPOSE

- 2.1. The purpose of the Policy is to set out the criteria taken into account by the Company in order to identify the types of conflicts of interest that arise or may arise in the course of providing the investment services and activities under its license, the measures taken by the Company in order to prevent conflicts of interest arising as well as the measures taken by the Company in order to manage and/or mitigate any conflicts of interest which have arisen in the course of business.

3. DEFINITION OF A RELEVANT PERSON

- 3.1. A Relevant Person, for the purposes of this Policy, shall have the meaning given to it under Article 2 of the Delegated Regulation (EU) 2017/565, which is defined as:
 - (a) a member of the Board of Directors, partner or equivalent, manager or tied agent of the Company;
 - (b) a member of the board of directors, partner or equivalent, or manager of any tied agent of the Company, if applicable;
 - (c) an employee of the Company or of a tied agent of the Company (if applicable), 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 (if



- applicable) who is involved in the provision by the Company of investment services or/and the performance of investment activities;
- (d) a natural person who is directly involved in the provision of services to the Company or to its tied agent (if applicable) under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities.

4. TYPES OF CONFLICTS OF INTEREST

4.1. For the purposes of identifying conflicts 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 the Client, the Company takes into account, by way of minimum criteria, whether the Company is in any of the following situations:

- (a) The Company and/or any Relevant Person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- (b) The Company and/or any 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 and/or any 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 and/or any Relevant Person carries on the same business as the Client;
- (e) The Company and/or any 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.
- (f) The Company or the Relevant Person has a relation with the issuers of the products, e.g. close family relation;
- (g) The Company or the Relevant Person keeps investor accounts in other investment firms without the prior authorisation from the Company;
- (h) The Company or the Relevant Person hides information from investors which they have right or access to;
- (i) The Company or the Relevant Person uses inside information or non-public proprietary information for own purposes;
- (j) The Company or the Relevant Person uses inside information or non-public proprietary information to recommend or solicit the purchase or sale of a security;



- (k) The Company or the Relevant Person discloses inside information to other Company personnel who are not authorised to have access to it.

5. INDICATIVE CASES OF CONFLICTS OF INTEREST

5.1. The following list is an indicative list of circumstances which constitute or may give rise to conflicts of interest between the Company and/or any Relevant Person with a Client:

- (a) Disclosing confidential information about a Client to third parties by a Company's employee in such a way which creates a disadvantage for the Client;
- (b) Linking employee remuneration to sales targets for specific financial instruments for which the Company has agreements with third parties and receives commissions or other benefits;
- (c) Entering into unnecessary and unprofitable transactions for the Client so as to increase the amount of commission and other fees;
- (d) Recommending financial instruments to a Client for which the Company receives commissions or other benefits without taking into account the Client's best interests;
- (e) Employees receiving gifts or other benefits from a Client, resulting into a more favourable treatment of this Client in relation to any other Client;
- (f) Employees receiving or demanding gifts or other benefits from service providers resulting into the unfair treatment of its Clients;
- (g) The Company choosing to cooperate with third parties based on its own interest without putting the Client's interest first;
- (h) Employees giving priority to the execution/ transmission of specific Clients' orders against the execution of other Clients' orders;
- (i) Structuring of commissions in a way which discriminates unfairly between execution venues;
- (j) Transmitting client orders to third parties based on the interests of the Firm and not those of its clients;
- (k) The non-disclosure of all potential risks or all costs related to an investment,
- (l) Using confidential information relating to a Client to engage in transactions on securities issued by the client for the Company's own benefit,
- (m) Management or Members of the Board of Directors of the Company may sit on the board of directors of other companies giving rise to the possibility of disclosure of or improper use of confidential information.

6. OTHER CONFLICTS OF INTERESTS

6.1. Specifically, given the Company's current business model, the following list indicates further situations that may give rise to a conflict of interest situation:



- (a) Personal Account Dealing;
 - (b) Inside and Proprietary Information;
 - (c) Selection of Service Providers;
 - (d) Access to electronic data; and
 - (e) Supervision and segregation of departments.
- 6.2. 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.
- 6.3. The Company pays special attention to the collective portfolio management, risk management, investment advice and individual portfolio management. 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.

7. MECHANISMS AND PRACTICES

- 7.1. For the purposes of this Policy, the Company has adopted and follows the following procedures in order to prevent and mitigate any conflicts of interest which arise or might arise in the course of providing the investment services and the performance of investment activities under its license and ensure that the requisite degree of independence of the Company is maintained.
- 7.2. **Compliance Function:** The Company's Compliance Function is permanent in nature and is independent from the provision of the investment services and the performance of investment activities by the Company and/or any Relevant Person. The main duties of the Compliance Function include *inter alia* the efficient monitoring of any possible deviation from the Company's internal policies and procedures, 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.
- 7.3. **Internal Auditor:** The Company has appointed an Internal Auditor which shall ensure that the Company maintains appropriate systems and controls and shall report its findings to the Board of Directors of the Company.
- 7.4. **Personal Transactions Policy:** The Company has established and maintains a Personal Transactions Policy which has to be acknowledged by the Company's Relevant Persons and which specifies the types of transactions are prohibited or allowed and under which circumstances.
- 7.5. **Order Execution Policy:** The Company has established and maintains its Order Execution Policy which outlines how the Company ensures that the best possible



results are obtained while executing Clients' orders on behalf of its Clients. The Company has further established and maintains policies and procedures to monitor the effectiveness of the Company's Order Execution Policy.

- 7.6. **Remuneration policy:** The Company has established and maintains a Remuneration Policy which sets out how Relevant Persons are remunerated i.e. the Company ensures *inter alia* 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.
- 7.7. **Internal mechanisms and procedures:** The Company has established effective measures and procedures:
- (a) **Chinese Walls/ Information Barrier procedures:** to prevent or control the exchange of information between Relevant Person 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 i.e. establishment of Chinese Walls in order to restrict the flow of confidential and inside information within the Company, and the physical separation of departments and segregation of duties between Relevant Persons. Chinese Walls are essential information barriers which are used to prevent inside, or highly confidential information possessed by one part of the business from being inappropriately passed to, or obtained by, another part of the business. The Company has taken appropriate measures to restrict the flow of information between certain functions of the Company, which include, *inter alia*, the following:
- i. The Compliance Officer have unrestricted access to all information and to all departments;
 - ii. All control functions i.e. the Compliance and AML Compliance Function, the Risk Management Function, Internal Auditor, External Auditor, are reporting directly to the Board of Directors and are strictly prohibited from making available their annual or other reports to any employee, from any department prior to communicating the reports to the Board of Directors and obtaining their consent.
 - iii. The Company has established physical segregation of departments to ensure that each department has access only to information which is needed for the performance of its duties;
 - iv. All employees have been assigned with personal computers which are password protected and the passwords are known to each specific



employee to limit unauthorised access by other employees within the Company;

- v. All internal lines are recorded and reviewed to ensure that employees are performing their duties diligently and in line with the requirements of the applicable laws and regulations.

(b) Effective organisational and administrative arrangements:

- i. To prevent or limit any person from exercising inappropriate influence over the way in which a Relevant Person carries out the investment services or activities.
- ii. 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.
- iii. To ensure that the Company always treat its Clients fairly and with transparency, as regards to all the services offered and also ensuring that no client receives any preferential treatment that may prejudice another client.

(c) **Security Features:** To prevent unauthorised access to electronic data in order to minimize the potential exposure of the Company to damage resulting from leakage or loss of sensitive or confidential data, intellectual property and any other data which is treated by the Company as sensitive or of a confidential nature.

7.8. **Marketing Communications:** The Company ensures that any marketing communication is clear, fair and not misleading prior to being distributed to its Clients. Any marketing communication is reviewed and approved by the Compliance Function prior to being released and in some occasions it is also reviewed by a specialised lawyer.

8. DISCLOSURE OF INFORMATION

8.1. Where the Company has taken the necessary measures referred to above to prevent conflicts of interest from adversely affecting the interest of its Client and have proven to be insufficient to ensure that risks of damage to the Clients' interests will be prevented, the Company must clearly disclose to the Client in sufficient time in writing or by any other equivalent means the general nature and/or in connection with the specific transaction in respect of the risks of conflicts of interest between the Client and the Company, or between the Client and other clients of the Company. Additionally, the Company should include in the disclosure the steps taken to mitigate those risks, and sufficient detail in order to enable the



Client to make an informed decision regarding the service in the context of which the conflict of interest arises, prior to undertaking any business on his behalf.

- 8.2. Disclosure of conflicts of interest will not exempt the Company from the obligation to maintain and operate effective organizational and administrative arrangements. Specifically, **disclosure is a measure of last resort** used only where the effective internal procedures and the organisational and administrative arrangements established are not sufficient to ensure that risks of damage to the interests of the client will be prevented.
- 8.3. Employees must not place an over-reliance on a conflict of interest disclosure but should also consider more broadly how the conflict can be appropriately managed.

9. DISCLOSURE OF INDECEMENTS

- 9.1. To strengthen the protection of Clients and increase clarity to Clients and potential clients as to the service they receive, it is also appropriate to further restrict the possibility for the Company to accept inducements.
- 9.2. The term 'inducement' means any fee, commission or non-monetary benefit provided to or received from a third party or a Client in relation to the provision of an investment or ancillary service.
- 9.3. The Company may pay and/or receive fees and/or commissions and/or any non-monetary benefits to and/or from third parties. The Company ensures that it will only accept and/or pay such fees and/or commissions and/or any non-monetary benefits to and/or from any third parties at its own reasonable belief that such benefits will enhance the quality of the offered services to the Client. The Company ensures that such fees and/or commissions and/or non-monetary benefits do not impair the Company's duty to act in the best interests of its Clients.
- 9.4. In addition to the above mechanisms established by the Company for mitigating conflicts of interest, the Company undertakes to disclose any further details of the above-mentioned arrangements relating to the fees and/or commissions and/or non-monetary benefits prior to the establishment of a Business Relationship with a Client.

10. RECORD KEEPING

- 10.1. The Company is required to maintain and update, where applicable, its Conflicts of interest Register which shall include the kinds of investment or ancillary services and/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.
- 10.2. Such record is maintained by the [Compliance Officer] of the Company who ensures that Conflicts of Interest Register is always up to date. The Company is



committed to full transparency in its activities and in doing so, logs all relevant failures in the processes and perceived / potential / actual conflicts of interest, are recorded on the Conflicts of Interest Register. All such cases are also reported to the Senior Management as they arise and to the Board in the course of review of the annual Compliance report. It is the responsibility of the Compliance Officer to prepare and distribute to the Company's Senior Management a written report referring to the record of services or activities giving rise to detrimental conflicts of interest, on an ad-hoc basis and at least annually.

11. PERSONAL TRANSACTIONS

- 11.1. The Company does not allow its employees to engage in personal investment activity unless such activity has been approved by the Compliance Officer.
- 11.2. The Company also ensures that the employees sign a declaration confirming their compliance with all restrictions imposed by the applicable law in respect of personal transactions and in accordance with the Company's Personal Transactions Policy.
- 11.3. The Company takes all reasonable steps to ensure that all employees are aware of the restrictions imposed in respect of personal transactions, the handling of conflict of interest and "inside" information within the meaning of section 5 of the Insider Dealing and Market Manipulation (Market Abuse) Law, or confidential information relating to clients or transactions with or for clients.
- 11.4. The Compliance Officer is responsible to prevent any personal transaction in accordance with the Company's Personal Transaction Policy.

12. REVIEW

- 12.1. The Policy shall be reviewed by the Compliance Function at least on an annual basis or sooner in response to any change in the legal and regulatory framework affecting this Policy.
- 12.2. The following circumstances can trigger the review process:
 - (a) Change in the service and product mix of the Company;
 - (b) Identification of situations that are not adequately captured in the Policy;
- 12.3. Any persons which are directly affected by any changes in the provisions of this Policy shall be notified accordingly in writing.