

# GRANDIS SECURITIES LTD

## Conflicts of Interest Policy

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## 1. Introduction

The Company shall adopt, to the extent possible, the necessary measures in order to prevent any potential conflicts of interest or resolve any existing conflicts of interest between itself or persons associated with itself and its clients, or amongst its clients, and where this is not possible, to make provision in order for its clients to enjoy fair and proper treatment on the basis of objective and legal criteria.

Under the Markets in Financial Instruments Directive II ("MiFID II") the Company is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients.

The purpose of this document is to set out the Firm's approach to identifying and managing conflicts 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 Firm (hereinafter called "related persons") and refers to all interactions with all clients.

Grandis Securities Ltd ("GSL") takes all reasonable steps to identify conflicts of interest that arise or may arise, in the course of the provision of services(s) to clients. The conflicts of interest arise between:

- The Clients and the Company (including its management, employees and appointed representatives and any person directly and/or indirectly linked to the Company and any entities of the Group
- Between the Clients themselves.

Accordingly, GSL has adopted the Conflicts of Interest Policy setting out the procedures, practices and controls in place to achieve this.

The Compliance Officer is responsible for:

- recording services or activities giving rise to detrimental conflicts of interest
- the development and continuous update of the conflicts of interest policy
- monitoring and advising Directors and Senior Managers on the specific procedures to be followed in order to manage conflicts of interests.

The Conflicts of Interest Policy should include the following:

- Any circumstances, of which the Company is or should be aware, which may give rise to a conflicts of interest arising as a result of the structure and business activities of other members of the Group,

- Identify, with reference to the specific investment services and activities and ancillary services carried out by the Company, the circumstances which constitute or may give rise to a conflicts of interest entailing a material risk of damage to the interests of one or more clients,
- Specify procedures to be followed and measures to be adopted in order to manage such conflicts,

This policy is aimed to:

- prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflicts of interest where the exchange of that information may harm the interests of one or more clients;
- provide 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;
- remove 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 conflicts of interest may arise in relation to those activities;
- provide the 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;
- provide the 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 conflicts of interest.

## 2. Disclosure of Conflicts of Interests

Before the Company provides any services it shall disclose to the clients, pursuant to section 17(3)(g) of the Law, all conflicts of interests. The disclosure has to be made in a durable medium and includes sufficient details, taking into account the nature of the client, to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arises. The client will decide whether or not to continue dealing with the Company.

The Conflicts of Interest Policy (CoIP) is placed on the Company's official website ([www.grandissecurities.com.cy](http://www.grandissecurities.com.cy))

### 3. Identification of Conflicts of Interest

When the Company offers Investment Services to the Client, the Company, an associate or some other person connected with the Company, may have an interest, relationship or arrangement that is material in relation to the Transaction concerned or that conflicts with the Client's interest. The Company hereby identifies and discloses a range of circumstances which may give rise to conflicts of interest and potentially but not necessarily be detrimental to the interests of one or more Clients.

Such conflicts of interest may arise if the Company, or any person directly or indirectly controlled by the Company or a Client, is likely to make a financial gain, or avoid a financial loss, at the expense of a Client or may have an interest, relationship or arrangement that is material in relation to the transaction concerned or that conflicts with the Client's interest.

In accordance with our business model and services provided to our Clients, GSL has identified the following circumstances (not exhaustive) which may give rise to conflicts of interest:

#### The Company vs. Client:

- Where one of the employees of the Company firm engages in personal account dealing and the Company has a client with an interest that potentially conflicts with such dealing;
- Where the Company or any employee has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Where the Company or any employee 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;
- Where the Company or an employee or a related person carries on the same business with the client;
- Where substantial gifts and entertainment (including non-monetary gifts) are received that may influence behaviour in a way that conflicts with the interests of the clients,
- Where the Company or any of its employees will receive from a person, other than the client, an inducement in the form of a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee from that service.
- Where in possession of information obtained in the ordinary course of its business which would benefit the individual, the Company or a customer, but such information is not publicly known.

- In general, where the Company, or one of its employees is likely to make a financial gain, or avoid a financial loss, at the expense of a client.

Client vs. Client:

- Where the Company makes a discriminatory allocation between clients;
- Where the Company has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Where a situation exists which does not appear to be treated in a manner that benefits and/or would lead to the fair and equitable treatment of all clients.

## 4. Measures to manage and control Conflicts of Interest

Grandis Securities Ltd has adopted numerous policies and procedures to prevent and manage those conflicts of interest recognised within its business. The adequacy of these controls is assessed periodically, at least on an annual basis, and the policy is subject to the Company's normal monitoring review.

The main control measures are the following:

### 4.1. Compliance Function

The Company has established an effective Compliance Function that is responsible to ensure that GSL complies with all regulatory requirements. One of the core tasks of the Compliance Function is to identify and manage the conflicts of interest and monitor the measures implemented to resolve them.

### 4.2. Chinese Walls

Chinese Walls exist between the different Departments of the Company, in order to avoid use of confidential information and conflict of interest.

The Company manages conflicts of interest is through the Chinese Walls Policy (CWP). The CWP provides that information obtained by one employee should only be passed to another employee who has a need to know, and particular care is to be taken with respect to sensitive information. The effective implementation of the CWP will prevent the use of confidential information which could harm the integrity of the market and the interests of clients.

A distinction is made between ordinary customer information and unpublished sensitive information. Ordinary customer information should only be passed to another Company's employee on a need-to-know basis. On the other hand, unpublished price-sensitive information covered by insider dealing laws is subject to significantly greater control. Such information must only be used for the legitimate business purpose for which it was given, and must not under any circumstances be passed on to anyone inside or outside the Company who is not directly concerned with that specific information.

To better facilitate this, the Company will separate the supervision of employees whose responsibilities involve carrying out activities on behalf of, or providing services to, client whose interests may be in conflict, or who otherwise represent different interests that may be in conflict.

The Company is taking the following measures in order to ensure that effective «Chinese Walls» exist between the different Departments:

- The Company maintains different Departments for its investment services; the Head of each Department is responsible for the Department's operational independence from the other Departments and organizational units of the Company.
- Each Department is monitored and controlled by separate individuals, in such way that segregation of duties is achieved.
- There is a clear distinction between the different Department's operations as these are described in the Manual.

### 4.3. Gifts, rebates, contributions or other payments

The Company takes reasonable steps to ensure that neither it nor its employees offer or give, or solicit or accept, in the course of business, any inducements which may lead to conflicts. Due to the various relationships the Company may have with its clients and other entities, employees may not solicit gifts or gratuities nor give inducements, except in accordance with the ColP and procedures.

The term "inducements" means gifts, entertainment and similar benefits which are offered to or given by employees. Gifts of an extraordinary or extravagant nature to an employee are to be declined or returned in order not to compromise the reputation of the employee or the firm. Gifts of nominal value or those that are customary in the industry, such as meals or entertainment may be appropriate. The Company prohibits any form of a loan by an employee to a client or by a client to an employee.

### 4.4. Inside Information

In broad terms, inside information is any undisclosed price-sensitive information that concerns one or more specific financial instruments, is of a specific nature and, if made public, would likely have a significant effect on the price of the relevant financial instruments.

The Company's policy requires that employees must not deal on the basis of inside information or assist anyone else in doing so. The requirement is an integral part of each employee's terms of employment, and violations of the policy could result in disciplinary action or even dismissal from employment. Violation of this provision may also constitute an offence punishable either with imprisonment or with a fine or both penalties.

The area of inside information is quite complex. If an employee is in any doubt whether he has received information that could be considered inside information, or if there are circumstances suggesting that a customer or counterparty has inside information when dealing with the Company, the employee should promptly consult the Compliance Officer.

Employees will often receive some non-public information during the ordinary course of employment, but much of this is not market-sensitive. This type of information need not be notified to the Compliance Officer, even though it is not public, because the information is not "market-sensitive information". However, because of the importance of this subject, if the information is non-public and it is significant - that is, it is market-sensitive - Compliance should be notified.

Examples of inside information may be:

- Information relating to profits or losses for any period before they are announced.
- A decision to pay an unusual dividend or to pass or defer any dividend or interest payment before the decision has been announced.
- A proposed offering of debt or equity or any other proposed significant financing.
- A proposed merger or take-over.
- A potential insolvency, winding up or reconstruction.
- A material corporate acquisition or disposal of assets or business sectors.
- A proposed change in capital structure, including any voluntary redemption of any class of securities.
- An actual or proposed acquisition or disposal of a significant block of shares by any person or any stake building by any third party.
- A proposal to change the general character or nature of the Company's business, including the acquisition or disposal of significant business sectors.
- A proposed significant revaluation of assets.
- A litigation or any investigation or enquiry by a tax or other governmental authority, the outcome of which may materially affect assets or earnings.

#### 4.5. Personal Transactions

Personal transactions can also lead to conflicts of interest. The Company has established adequate policies, rules and procedures governing personal transactions by its managers, employees, tied agents (if any) and other relevant persons. "A personal transaction" means a trade in financial instruments effected by or on behalf of a relevant person, where at least one of the following criteria is met:

- the relevant person is acting outside the scope of the activities he carries out in that capacity,
- the trade is carried out for the account of any of the following persons:
  - a) the relevant person,
  - b) any person with whom he has a family relationship, or with whom he has close links, or
  - c) a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

A "person with whom a relevant person has a family relationship" means any of the following:

- the spouse of the relevant person or any person that cohabits for at least one year with the relevant person;
- a dependent child or stepchild of the relevant person;
- any other relative of the relevant person, who at the date of the relevant personal transaction was a member of the household of that person for at least a year.

Any relevant person who is involved in activities that may give rise to a conflict of interest or who has access to confidential information or to other confidential information relating to clients or transactions with or for clients is prevented from engaging in the following activities:

- Entering into a personal transaction which meets at least one of the following criteria:
  - it is prohibited under the Market Abuse Law of 2016,
  - it involves the misuse or improper disclosure of confidential information,
  - it conflicts or is likely to conflict with an obligation of the Company under the Law.
- Advising or procuring, other than in the proper course of his employment or contract for services any other person to enter into a transaction in financial instruments
- Disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take any of the following steps:
  - to enter into a prohibited transaction in financial instruments, as described above

- To advise or procure another person to enter into such transaction.

#### Notification policy for the employees of the Company

As a part of Personal Account Policy, the Directors, Senior Management and employees of the Company shall disclose the following information to the Compliance Officer:

- Opening and closing personal accounts at the Company or any other Investment Firm for own investment purposes;
- Qualifying Holding they may possess in the share capital of any company
- Annual statement disclosing the Directorship in all companies.
- Financial instruments held.

#### Personal Account Dealing Policy Declarations

Each new Director and employee of the Company shall sign a declaration to the effect that he has received and understood the Personal Account Policy and undertakes to observe their requirements, as well as the requirements contained in any subsequent notice amending the current policy.

Once a year, all Directors and employees shall confirm in writing that they have reported all the personal account dealings they or any connected person have undertaken, or that they have not undertaken any personal account deals, in the preceding year.

#### Condition of Employment

It is a condition of employment of all the Company's Directors and employees that the Personal Account Policy is followed at all times. Any personal account dealing undertaken contrary to this Policy shall be considered to be a serious disciplinary offence and a breach of the terms of the individual's employment.

Employees must ensure that they understand and abide by the personal transaction and outside business interest rules at all times. Breaches of the rules will be considered a very serious matter by the Company, which may:

- require transactions to be reversed, or profits disgorged;
- ban future personal transactions for a specified period of time;
- instigate disciplinary proceedings against the relevant employee; or
- terminate the employment of the relevant employee.

Breaches of these rules and any disciplinary action taken may also be notified to the Regulator whether or not the Company is required to do so.

#### Scope of the Personal Account Dealing Policy

This policy does not apply to: Personal transactions in units in collective undertakings that comply with the conditions necessary to enjoy the rights conferred by the Open-Ended Undertakings for Collective Investment (UCI) Law of 2012 or are subject to supervision under

the law of a Member State which requires an equivalent level of risk spreading in their assets, where the relevant person and any other person for whose account the transactions are effected are not involved in the management of that undertaking.

#### Prior Authorization

In case personal account deals which fall within the scope of this policy take place, the employee shall receive prior written authorisation from the Compliance Officer.

Requests to deal must be in writing, signed and dated by the individual seeking authorisation to deal. The signature is made against a statement to the effect that in undertaking the deal the individual is not in breach of the insider dealing legislation, and that the interests of clients are not prejudiced by his dealing. Once the request form has been completed and signed it should be submitted to the Compliance Officer for his consideration.

In considering whether or not to give his authorisation to the proposed deal, the Compliance Officer shall consider whether it is, or is likely to be, in breach of the insider dealing legislation, and whether the interests of clients are prejudiced by it being undertaken.

Approvals will be evidenced by the Compliance Officer's dated signature on the Personal Account Dealing Request. Approvals are only valid for specific transactions.

Approval for outside business interests will not be unreasonably withheld, but it must be clearly understood that any outside employment or business activity must not conflict or interfere with the Company's business in any way, it must not prejudice the interests of clients and it must comply with the personal transaction restrictions mentioned above. After the approval of any outside business interest, employees are required to immediately notify the Compliance Department should they become aware of any actual or potential conflict of interest with the Company and its clients or between one client and another.

#### Notification of Personal Account Dealings

Once a personal account deal has been undertaken it must be notified to the Compliance Officer within 14 days of the transaction date. The notification must contain the following details:

- Transaction date and time;
- Whether the transaction held was a purchase or a sale;
- The financial instrument dealt in; and
- The value of the transaction.

Such a request for information can be met by the production of a copy of the trade confirmation.

#### Confirmations from Brokers

The Company reserves the right to request that before any individual subject to this policy deals on his personal account arrangements are put in place for the Company to receive trade confirmations direct from the brokers of the individual concerned.

Additionally the Company's staff is obliged to authorize the Company to directly take delivery from the financial services company where they keep such accounts, of updates concerning the transactions performed.

In such circumstances, the Compliance Officer writes to the individual's brokers requesting them to confirm in writing that for any deal they undertake on behalf of the individual named in the letter, they will send a trade confirmation direct to the Company as soon as one is produced.

### **4.6. Refraining from transactions**

In case the conflict of interest can not be prevented and resolved by the Firm, one of the possible ways to resolve might be the suggestion to the client to refrain from the transaction.

### **4.7. Prohibited Transaction Practices**

In order to prevent potential conflicts of interest between Grandis Securities Ltd and the Clients, the following transaction practices are also prohibited:

- a) The Company will not execute a Client order for a purchase of financial instruments without the necessary funds available in the client account;
- b) The Company will not enter into arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a client or the account of another client of the firm, unless:
  - i. the client has given express prior consent to the use of the financial instruments on specified terms; and
  - ii. the use of that client's financial instruments is restricted to the specified terms to which the client consents.
- c) The Company will not enter into arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a client in an omnibus account held by a third party, or for the account of another client unless, in addition to the conditions set out in (b) of this section:

- i. each client whose financial instruments are held together in an omnibus account has given express prior consent in accordance with (b)(i); or
- ii. the firm has in place systems and controls which ensure that only financial instruments belonging to clients who have given express prior consent in accordance with the requirements of (b)(i) are used.

## 5. Compliance Monitoring Program

GSL Compliance department has in place a documented compliance monitoring programme, which also focuses on conflicts of interest.

The monitoring undertaken by the Department includes, but is not limited to:

- ✓ reviewing Personal Account Dealing and contract notes;
- ✓ communication monitoring to review staff adherence to client confidentiality rules;
- ✓ periodic Desk reviews including broker interviews in which conflicts of interest for the Department are considered;
- ✓ updating and monitoring the Register of Conflicts with material or potential Risks;

The following documentation should be kept in a "Conflict of Interests File" by the Compliance Officer:

- Conflicts of Interests policy with updated versions;
- Personal Account declarations;
- Confirmations from Brokers for staff personal accounts
- Reports to the Board of Directors on matters related to conflicts of interest;
- Qualifying Holding and Directorship statement