



# CONFLICT OF INTEREST POLICY

LEADCAPITAL CORP LTD



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## 1. SCOPE AND PURPOSE OF APPLICATION

The scope of the Policy is to ensure that the Company complies with all legislative requirements and the departmental and general internal procedures established by its Internal Procedures Manual and to take all reasonable steps to identify and manage any conflicts of interest that may arise between us and any of our clients or between our clients.

The Company is required to establish, implement and maintain a policy on conflicts of interest and provide information regarding the adequate managing of any conflicts of interest between itself, including its managers and employees, tied agents or other relevant persons, as well as any person directly or indirectly linked to them by control, and their clients or between one client and another that arise in the course of providing any investment and ancillary services.

## 2. IDENTIFICATION

Conflicts of interests may include any situation where either the Company or an individual is in a position to exploit a professional or official capacity in some way for either corporate or personal benefit.

Situations where conflicts of interest can occur include the following:

1. The Company or a relevant person, 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.
2. The Company or a relevant person, or a person directly or indirectly linked by control to the Company, has an interest in the outcome of a service provided to the client, or of the transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
3. The Company or a relevant person, or a person directly or indirectly linked by control to the Company, has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client.
4. The Company or a relevant person, or a person directly or indirectly linked by control to the Company, carries on the same business as the client.
5. The Company or a relevant person, or a person directly or indirectly linked by control to the Company, 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.

The affected parties if conflict of interest arises can be the Company, its employees or its clients. More specifically, a conflict of interest may arise, between the following parties:

1. Between the client and the Company.
2. Between two clients of the Company.
3. Between the Company and its employees.
4. Between a client of the Company and an employee/manager of the Company.
5. Between Company's Departments.

### 3. INDEPENDENCE

The following measures have been adopted by the Company for ensuring the requisite degree of independence

- Measures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest (i.e. by establishing a Chinese wall)
- 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. The Company's department whose interests may conflict with clients are:
  - o Dealing Room
- Removal of any direct link between the remuneration of relevant persons principally engaged with 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:
  - o Dealing room employees do not relate their remuneration with clients' performance.
- 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. Additionally, the person who decides or influences an individual's bonus may exert undue influence over that individual's integrity of judgment.
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities such as reception and transmission of clients' orders and tasks such as portfolio decision making and calculating performance.

### 4. SENIOR MANAGEMENT

The Company's Senior Management is required to:

- fully engage in the implementation of policies, procedures and arrangements for the identification, management and ongoing monitoring of conflicts of interest;
- adopt a holistic view to ensure the identification of potential and emerging conflicts within and across business lines and to ensure that informed judgements are made with respect to materiality;
- raise awareness and ensure compliance of relevant individuals by ensuring: regular training (including to contractors and third party service providers' staff) both at induction and in the form of refresher training; the clear communication of policies, procedures and expectations; that awareness of conflicts procedures forms part of the performance review/appraisal process, and that the best practice is shared throughout the Company.
- sponsor robust systems and controls and effective regular reviews to ensure that strategies and controls used to manage and mitigate risks remain appropriate and effective and that appropriate warnings and disclosures are issued to clients where necessary;
- utilize management information to remain sufficiently up-to-date and informed; and
- support an independent review of the processes and procedures in place.

## **5. CHINESE WALLS**

The Company has constructed adequate Chinese Walls, in accordance with the legal requirements between its departments and has established clear lines of responsibility, in order to avoid the flow of information held by a person in the course of carrying out a part of its business to be withheld from or used by persons who are in the process of carrying out another part of its business.

In particular, physical barriers have been established in order the flow of information is restricted between employees, access has been limited in relation to information and documentation and communication has been restricted between certain employees during the course of carrying out their parts of business.

## **6. DISCLOSURE OF CONFLICT OF INTEREST**

When the measures taken by the Company to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to clients' interests will be prevented, the Company will disclose the conflicts of interest to the client in order to prevent a risk of damage to clients' interests. Prior to carrying out a transaction or providing an investment or an ancillary service to a client, the Company must disclose any actual or potential conflict of interest. The disclosure will be in sufficient time, in a durable means.

## **7. REPORTING CONFLICTS OF INTEREST**

In the case of identification of a possible conflict of interest, a staff member must refer it initially to his immediate supervisor to assist in the assessment of a material risk of damage and send a completed Notification Form together with full details to allow regulatory scrutiny, of:

- corrective and preventive actions;
- how these actions were considered appropriate;
- any conditions imposed; and
- whether there are still ongoing conflicts, how these are being managed and advised to the client;

## **8. RECORD-KEEPING**

In accordance with the requirements of FSC, the Company maintains records, which are regularly monitored and updated, of the kinds of investments and ancillary services or investment activities carried out by the Company or on its behalf in which there is a risk for conflict of interest that may damage the interests of one or more clients has arisen.

Any conflict of interest shall be reported to the Company's CEO and Compliance Officer, who shall be responsible for keeping records of conflicts of interest.