

CONFLICT OF INTEREST POLICY

LEXIM TRADING DMCC

Updated on 15 September 2024

1. INTRODUCTION

- 1.1 Lexim Trading DMCC ("**Lexim**") is committed to maintaining the highest standards of integrity and fairness in all its business dealings. To achieve this, it is essential that all employees avoid situations where personal interests conflict, or appear to conflict, with the interests of Lexim or Lexim's clients.
- 1.2 A conflict of interest exists or may exist where a personal circumstance impairs professional judgment or the ability to act in the best interests of Lexim or its clients ("**Conflict of Interest**").

2. SCOPE

- 2.1 This Conflict of Interest Policy ("**Policy**") applies to:
 - (a) all members of Lexim, including the managers, employees, and any person directly or indirectly linked to Lexim by control;
 - (b) all interactions and transactions with the clients of Lexim; and/or
 - (c) situations involving inducements from third parties or Lexim's own remuneration and incentive structures.

3. REPORTING LINES AND ORGANISATIONAL ARRANGEMENTS

- 3.1 Lexim has established clear and transparent reporting lines to ensure that issues involving risks of non-compliance with Conflicts of Interest rules are given the necessary priority.
- 3.2 Employees and managers must report any potential or actual Conflicts of Interest to their immediate supervisor, who will escalate the issue to the Compliance Officer ("**CO**").
- 3.3 The CO will review and investigate all reports of Conflicts of Interest and take appropriate action promptly and confidentially, including reporting to Senior Management if necessary.

4. IDENTIFYING CONFLICTS OF INTEREST

- 4.1 It is pertinent to identify circumstances that constitute or may give rise to a Conflict of Interest, entailing a risk of damage to the interests of one or more clients. To identify such situations, it is necessary to give consideration to typical situations where conflicts may arise, such as:
 - (a) having any outside business interests;
 - (b) hiring or working with relatives or someone with whom one has an intimate relationship;
 - (c) dealing on one's own account or using one's position in Lexim to gain an unfair advantage.
 - (d) acting for Lexim in a transaction or business relationship that involves oneself, their relatives or other people or organisations where they or their relatives have a significant personal connection or financial interest;
 - (e) being likely to make a financial gain or avoid a loss at the expense of a client;
 - (f) receiving a benefit (monetary and/or non-monetary) from a third party in relation to a service provided to a client that is likely to impair the ability to act in the client's best interest. Consideration should be given to the nature and scale of the benefit;
 - (g) having a financial or other incentive to favour the interest of one client or group of clients over the interests of another client;
 - (h) having an interest that is different from the client in relation to:
 - i. the outcome of a service provided; or
 - ii. a transaction carried out on behalf of the client; and

- iii. having any other circumstances where personal interests may conflict with professional duties.

5. POLICY IMPLEMENTATION

5.1 This Policy is implemented through a combination of disclosure requirements, preventative measures, and monitoring systems.

5.2 Identification of Conflicts

- (a) Employees must complete an annual declaration of interest form detailing any outside business activities, relationships, financial interests or factors listed in Section 4 that could lead to a Conflict of Interest;
- (b) Lexim will provide regular training and awareness programmes to help employees and managers understand what constitutes a Conflict of Interest, how to identify potential conflicts in their daily activities, and how to manage a Conflict of Interest. These programmes shall include understanding the importance of maintaining professional boundaries and avoiding situations that could lead to a Conflict of Interest;
- (c) If a potential Conflict of Interest is recognised, employees and managers are required to disclose or report any such conflicts as soon as possible to their immediate supervisor, who must relay the information to the CO. Such disclosure or report must include all relevant details, e.g., the nature of the conflict and the parties involved.

5.3 Management and Prevention Procedures

- (a) For the purpose of taking into account the interests of all of its clients, Lexim shall establish and implement a remuneration policy that is approved by the board of directors ("**Board of Directors**") of Lexim, which include the following rules:
 - i. Lexim shall preserve the integrity of the client's interests from the remuneration practices and provide fair treatment towards all of its clients; and
 - ii. The remuneration policy shall not create a Conflict of Interest or incentive that may cause relevant individuals to prioritise their own interests or Lexim's interests, potentially harming the clients.
- (b) Regarding the provision of advice or conducting portfolio management for the clients or any third party:
 - i. Lexim shall not accept and retain fees, commissions, or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party;
 - ii. All commissions or monetary benefits received from the client or the relevant third party for the provision of services must be transferred in full to the client or the relevant third party;
 - iii. Lexim shall establish and implement a policy to ensure transparency regarding any fees, commissions, or any monetary or non-monetary benefits paid or provided by the client or any third party or a person acting on behalf of a third party;
 - iv. Lexim must inform the clients about the fees, commissions, or any monetary or non-monetary benefits transferred to them through periodic reporting statements provided to the clients or the relevant third party; and
 - v. Lexim is exempted from the provisions of Subsection (b) paragraph (i) to (iv) of this Policy in the event that Lexim receives minor non-monetary benefits which may potentially enhance the quality of service provided to the client and are of a scale and nature that they would not be deemed to impair compliance with Lexim's duty to act in the best interest of the client.
- (c) Lexim shall not receive any remuneration, discount, or non-monetary benefit for routing client orders to a particular trading venue which would infringe the requirements of Conflict of Interest or inducements;

- (d) The CO must maintain a Conflict of Interest register to document disclosures or reports of any Conflict of Interest ("**Conflict of Interest Register**") and regularly review such disclosures to identify any patterns or recurring issues.
- (e) The CO must conduct periodic audits of employee activities and financial interests to identify any unreported conflicts.
- (f) When a conflict is identified, the CO should work with the employee or manager and their supervisor to develop and implement an appropriate mitigation strategy. This may include:
 - i. reassigning the employee to a different tasks or role;
 - ii. implementing additional oversight;
 - iii. monitoring the employee's or the manager's activities; and/or
 - iv. requiring the employee or manager to step away from certain decisions or transactions relating to the Conflict of Interest.
- (g) Strict segregation of duties is to be enforced in areas where conflicts are likely, such as trading and compliance functions.

6. REGULAR REVIEWS

- 6.1 The CO and Senior Management will review the Conflict of Interest Policy annually. Any deficiencies identified during the review are to be addressed promptly to ensure the Policy remains effective
- 6.2 The CO will review all Conflicts of Interest disclosed and reported by the employees and/or managers. This review will assess the potential impact on Lexim and its clients and determine the appropriate course of action.

7. RECORD-KEEPING AND REPORTING

- 7.1 Lexim must keep a detailed record of all identified Conflicts of Interest and the measures taken to mitigate them in the Conflict of Interest Register.
- 7.2 The Conflict of Interest Register is to be reviewed by Senior Management annually.
- 7.3 Regular updates are to be provided to ensure ongoing compliance and to address any new conflicts that may arise.

8. GOVERNANCE AND ACCOUNTABILITY

- 8.1 The Board of Directors is responsible for the overall governance of the Conflict of Interest Policy. They must ensure that the Policy is effectively implemented and regularly reviewed.
- 8.2 The Board of Directors will promote a culture of transparency and integrity, encouraging employees to disclose conflicts without fear of retribution.

9. ACKNOWLEDGEMENT AND NON-COMPLIANCE CONSEQUENCES

- 9.1 All employees and managers are required to acknowledge their understanding and acceptance of this Policy. Acknowledgement will be obtained at the time of employment and periodically throughout the employee's or the manager's tenure.
- 9.2 To maintain Lexim's high standard of ethics and integrity, any person who fails to comply with this Policy may be subject to disciplinary action, up to and including termination of employment.

10. PERSONAL TRANSACTIONS

- 10.1 Employee Dealing Policy:
 - (a) Employees must seek pre-approval from the CO before engaging in personal transactions involving crypto-assets. This applies to both their own accounts and related accounts;
 - (b) Employees possessing non-public information relevant to a crypto-asset must not engage in transactions involving that crypto-asset. This prohibition applies to both their own accounts and related accounts; and

- (c) The CO maintains a record of all approved personal transactions and monitors them for any signs of conflict with the interests of clients.

10.2 Monitoring and Record-Keeping

- (a) The CO should maintain a record of all approved personal transactions;
- (b) All personal transactions must be conducted at arm's length and reported to the CO within 24 hours of execution;
- (c) The CO should actively monitor transactions for employees' own accounts and related accounts to detect any irregularities and ensure compliance with this Policy; and
- (d) Transactions for employees' own accounts and related accounts are to be separately recorded and clearly identified in Lexim's records.

[Appendix to follow]

APPENDIX - A

Term	Definition
Compliance Officer or CO	means the designated individual responsible for monitoring compliance with this Policy and handling Conflict of Interest disclosures.
Conflict of Interest	means a personal circumstance that impairs the professional judgement or the ability to act in the best interest of Lexim or its clients.
Conflict of Interest Register	shall have the meaning ascribed to it in Clause 5.3(d).
Senior Management	means the members of the executive team who are responsible for overseeing the implementation of the Conflict of Interest Policy.