



# **IX SECURITIES LTD.**

## **CONFLICTS OF INTEREST POLICY**

This policy details how the firm manages any conflicts of interest in respect of the duties owing to our clients.

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## 1. Introduction

IX Securities Ltd. (“IX Securities”), is a registered trading name of IX Capital Group Limited, a company duly incorporated under the laws of the Commonwealth of The Bahamas and regulated by the Securities Commission of The Bahamas (“SCB”)(Registration No. SIA-F188). We are authorized by the SCB to deal, arrange and manage securities. Our registered office is located at No. 109 Church Street, Sandypport, Marina Village, P.O. Box SP-62756, New Providence, The Bahamas. This policy is issued pursuant to, and in accordance with the legislation and regulations of The Bahamas.

This policy details how IX Securities manages any conflicts of interest in respect of the duties. A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult for individuals to fulfil their duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.

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## 2. Responsibility

The Compliance Officer, Italia Cartwright, is responsible for overseeing this area and has access to all necessary resources and personnel to carry out this procedure properly.

For the purposes of this policy, our interest includes the interests of IX Securities’ employees, directors or other people who work under its direct or indirect control, as well as any agents associated with it.

This procedure is reviewed annually. In addition, if there is a major compliance breach in this area, the head of compliance will review the relevant procedure, the compliance officer will sign off on the changes to the procedure, and where necessary external compliance consultants will be engaged to review the procedure.

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## 3. Overview

Managing conflicts by disclosure should be the last resort and that as far as possible, conflicts of interest should be avoided. Where they do arise, IX Securities recognizes that

conflicts of interest may be managed by:

- a. Controlling;
- b. Avoiding; and
- c. Disclosing of the conflicts.

IX Securities is committed to avoiding conflicts of interest. We will take reasonable steps to detect conflicts of interest that could arise when a service is being provided, between our self, which includes its managers, employees and associated agents or any person directly or indirectly controlled by them, and its customers, or between its customers.

Where actual or potential conflict of interest could arise between us and a client, we ensure they are correctly identified, monitored and managed. We also keep a record of the kinds of activity undertaken in which a material conflict of interest has arisen or could arise.

We will keep an up-to-date list of the kinds of services, or investment activities, carried out by the company or on its behalf, in which a conflict of interest has arisen, or which have posed a significant risk of harming the interests of one or more customers.

In the event of a conflict of interest arising and our identification that our actions to manage the conflicts of interest is not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of our client will be prevented, we will clearly disclose the general nature and/or sources of conflicts of interest to our client before undertaking business for the client.

Below is a summary of the principal conflicts (some inherent in this type of business) that can arise and the steps IX Securities takes to mitigate them.

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#### 4. Gifts and Inducements

On occasions our employees may personally benefit from dealings with potential or existing clients, services providers etc. A Gifts and Inducements Policy is in place to ensure that these are not excessive and do not create an obligation or debt. A Gifts and Entertainment register is maintained for recording any gifts or inducements given or received which are in excess of \$100 market value. Pre-approval from compliance is required by employees and directors for

any gifts or entertainment, which are in excess of \$100 market value, given to or received from clients and recorded by compliance on a Gifts and Entertainment Register. In exceptional circumstances where pre-approval is not possible, this will be

reviewed and recorded by compliance on an ex-post basis.

IX Securities believes that there is little opportunity for conflicts arising from gifts and inducements, due to the majority of our client contact taking place via telephone and little entertainment taking place face to face. Gifts received by employees in the past have been acceptable gifts such as a bottle of wine costing below the above threshold.

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## 5. Remuneration

IX Securities strives to ensure our employees remain motivated whilst at the same time ensuring this remuneration scheme does not encourage inappropriate behaviour. IX Securities recognize this conflict and through our monitoring mechanisms remain alert to potential abuse.

We have a remuneration policy in place which demonstrates that the rewards are not in conflict with the interests of clients. We do not and will not offer remuneration packages that reward behaviour that disadvantages the interests of customers or members in our favour, or other clients. Staff will be rewarded on the basis of merit and long-term value-adding performance.

Back office staff compensation is not correlated to business performance. Instead the compensation is determined by the performance of the individual. Sales staff commission is structured to develop relationships with clients and offer a comprehensive service.

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## 6. Business Interests and Suitability

In the event that, we or some other person connected with us may have an interest, relationship or arrangement that is material to the service, transaction or investment concerned or our employees may have an interest, relationship or arrangement whereby they act as a trustee, hold power of attorney on behalf of a client or act as a Director for a corporate client, we require our employees or other connected persons to declare any such interests to the compliance whenever the need arises.

To manage such conflicts, we require our employees to disclose Directorships and interests in other companies obliging them to disregard and disclose the interest, relationship or

arrangement concerned.

Additionally, compliance conducts a quarterly staff attestation required by all employees of the above interests.

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## 7. Record Keeping

A conflicts of interest register is maintained to record the services and activities performed where a conflict has arisen or may arise. The conflicts of interest register is updated with a record of the kinds of service or activity carried out by on IX Securities' behalf in which a conflict of interest that entails 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.

Copies of each Conflicts of Interest policy will be kept for at least five (5) years after it is superseded. Compliance Registers will also be retained for at least five (5) years.

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## 8. How to use this procedure

Copies of file notes, compliance review feedback and any other documentation which relates to conflicts of interests is kept together with the Conflicts of Interest Register in the Compliance Registers file.

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## 9. Controlling Conflicts of Interest

### STEP 1 – Identification of Conflicts of Interest

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a client, IX Securities takes into account, whether IX Securities or a relevant person or a person directly or indirectly linked by control to the firm, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- a. IX Securities or relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- b. IX Securities or 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. IX Securities or 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. IX Securities or relevant person carries on the same business as the client; and
- e. IX Securities or 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.

#### STEP 2 – Managing Conflicts of Interest

The Company has set up internal policies, procedures and has an in-house Compliance Department that are responsible for identifying and managing potential conflicts of interests. Compliance will also update the relevant internal procedures and ensure compliance with such procedures.

IX Securities maintains and operates effective organizational and administrative procedures to manage and prevent the identified conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients. IX Securities also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

The measures adopted are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of IX Securities, and to the materiality of the risk of damage to the interests of the client.

In general, the procedures and controls that the Company follows regarding conflicts of interest include the following measures to ensure the requisite degree of independence:

- a. Effective procedures to prevent or control the exchange of information between relevant 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;
- b. 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 IX Securities;
- c. 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;
- d. 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;
- e. 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.

Some of these policies and procedures established to prevent Conflicts of Interests are shown below:

- a. A dedicated conflicts of interest register for appropriate record keeping of all potential and actual conflicts. The Conflict of Interest Register is also tabled twice yearly at the monthly compliance committee meetings.
- b. Personal account dealing requirements applicable to relevant persons in relation to their own investments.
- c. Remuneration Policy rewards applicable to relevant persons in relation to how they are rewarded which are not in conflict with the interests of clients.
- d. A gifts and inducements log registering the solicitation, offer or receipt of certain benefits A gifts and inducements policy is maintained and designed to limit the conflict of interest arising from the giving and receiving of inducements.
- e. The prohibition of external business interests conflicting with our interests as far as IX Securities' officers and employees are concerned, unless board approval is provided.
- f. Establishment of in-house compliance department to monitor and report on the above to the Company's Board of Directors.
- g. Establishment of an in-house compliance committee that meets monthly to discuss possible conflict of interest, management of existing conflicts as well as any other regulatory requirements and monitoring conducted.

### STEP 3 – Disclosure

Where arrangements made by IX Securities are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented, IX Securities will, if it is aware of it, disclose the general nature and/or sources of conflicts of interest to a client prior to undertaking investment business for that client.

The disclosure will be made by way of a written notice and will include sufficient detail to enable the client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

If the firm does not believe that disclosure is appropriate to manage the conflict, we may choose not to proceed with the transaction or matter giving rise to the conflict.

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate.

Compliance must ensure that conflicts of interest records are up to date, and that conflicts of interest are disclosed in the necessary documentation.

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## 10. Employee Awareness

IX Securities' employees are required to read this policy and confirm their understanding and awareness of their disclosure obligations under section 9 above.

Employees must also be aware that any conflicts of interest or potential conflict of interests they identify should be reported to the Compliance Officer promptly. The policy is re-circulated and sign off obtained for all revisions made to it.