



# **CONFLICT OF INTEREST POLICY**

**DLS Markets Limited**

**Authorised and regulated by VFSC Company Number 700455**

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<b>Responsibility</b>	<b>(1) Board</b> <b>(2) Compliance Officer</b>
<b>Reporting</b>	<b>(1) Compliance Committee (where applicable)</b> <b>(2) Board Meetings</b> <b>(3) Regulator</b>

## **Preamble**

This policy is relevant to the size and nature of the financial services business conducted by DLS Markets Limited (the Company) and is approved by the Board.

The Compliance Officer will oversee the implementation of the Policy which will be reviewed at least annually to ensure all material conflicts of interest are identified, reported, recorded and disclosed.

A conflict of interest may arise at any time. Conflicts or suspected conflicts are to be brought to the attention of the Compliance Officer and if determined to be a conflict, handled in accordance with this policy.

The overriding consideration in respect of conflicts of interest is:

**Providing advice or recommendations to a client which are inconsistent with some or all of the interests of the client, in favour of the interests of the Company or self. That is, a conflict arises when the interests of the client are at odds or inconsistent with the interests of the person providing the advice.**

Conflicts of Interest have been considered and these are specified in the attached 'Conflicts of interest Register' Attachment A. In the context of potential conflicts, the following have been considered:

- a) an association with a company which is a client or an acquisition target of a client or in competition with a client — either through ownership or common directors / officers and staff;
- b) management of mandates may conflict with the mandates of own schemes – potential conflict in relation to interests of own schemes;
- c) an investment in a company which is also a mandate client.

Conflicts of interest may also include issues which are prohibited by law and will always be avoided. They include:

- a) any and all insider trading provisions of the law including front running;
- b) any and all anti-hawking provisions of the law;

- c) any and all false, misleading and deceptive conduct and representation provisions of the law;
- d) unconscionable conduct provisions of the law.

### **1. Conflict of Interest - Training and awareness**

The Company will ensure that all officers, staff and agents including any authorised representatives (collectively described in this document as 'Representatives') are sufficiently trained in identifying and managing conflicts of interest and will also be required to acknowledge their reading of, and understanding of, this Conflicts of Interest Policy on joining the company and at least annually, or sooner if the policy has been altered for any reason, to ensure the Representatives ongoing awareness of the Policy and its requirements.

Representatives will also be required to complete the attached table, listing any potential, actual or apparent conflicts of interest that they may have with an investment, fund manager or other entity associated with or dealing with investments of the Company. If a Representative requires any assistance in this process they should make the request to the Compliance Officer.

### **2. Reporting Conflicts**

Representatives are required to report immediately to the Compliance Officer any situation, real or perceived, which could be regarded as having a conflict. If a potential conflict has arisen, the Compliance Officer will work with the Representative in order to assess what form the conflict takes and formulate a suitable strategy to handle the conflict, including avoiding it altogether.

### **3. Identifying Conflicts of Interest – Directors & Key Officers**

Directors of the licensee having interests in other companies which may give rise to conflicts of interest.

A director of the Company must avoid a situation in which they have, or could have, a direct or indirect interest that conflicts or has the potential to conflict or even appear to conflict, with the interests of the Company. This also includes avoiding situations where a directorship gives rise to a conflict with the interests of the Company.

This covers a broad range of situations where:

- the director's interest may be actual or potential, and direct or indirect
- the conflict with the company's interests may be actual or potential.

Examples of conflicts include:

- a director takes and uses an opportunity or information which properly belongs to the company;

- conflicts of duties where, for example, a director sits on two Boards and his duties to the two companies cannot be reconciled;
- non-executive directors with multiple directorships, and executive directors who have outside non-executive positions;
- directors of joint venture companies who are directors or employees of the Company, with interests which may potentially conflict with the JV company;

As with officers and staff, Directors & Key Officers will also be required to complete the attached table, listing all potential, actual or apparent conflicts of interest.

#### 4. Managing and Recording - Conflicts of Interest

Once an assessment has been made of the conflict and it is found to be 'Potential' or 'Apparent' that is, it is not a 'perceived' conflict (which may also require handling), it is a real conflict that requires managing, the following methods of handling the conflict will be applied.

- a) Disclosure – this method discloses the Conflict of Interest to those to who it may affect. This has two effects on the conflict. The first is that the persons to who it has been disclosed are able to assess whether they still wish to proceed, and, once having made the decision to proceed, cannot then make a complaint regarding the conflict of interest.
- b) Avoidance this may not always be possible in that it may require not proceeding.
- c) Control – This method places certain protocols in place in order to manage or limit the potential of the conflict.

These methods of handling conflicts and the conflicts themselves are to be documented in the 'Conflicts of Interest Registers'.

The Directors version of this register is to be kept with the Board minutes.

The Compliance Officer will ensure that both 'Conflicts of Interest Registers' are current at all times. The following examples are provided to demonstrate possible actions to conflicts:

- a) Declaring a conflict to a client where we act or have previously acted for a competitor or target of that client; (DISCLOSURE)
- b) Declaring relationships of the Company principals and officers and staff where such relationship may produce a conflict in respect of advising that client, in particular, where there is a relationship with a competitor or an acquisition target of the client; (DISCLOSURE)
- c) Confidentiality procedures apply to the Representative of the Company and its subsidiaries in respect of client information, so that if a perceived or real conflict arises, clients can be assured of confidentiality with respect to their information; (CONTROL)
- d) Declining to act for the client (where the conflict could not be managed because of confidentiality or other reasons); (AVOIDANCE)
- e) Where co-branded (in-house) managed funds are offered to investors as an investment option, full disclosure of the terms and fees applicable to the investment must be provided. The cost to the client must be measured against the benefit to the client of using the

managed fund compared to other funds. (DISCLOSURE)

## **5. Representatives providing advice to clients**

Each responsible officer/representative/senior analyst of the Company must:

- a) Maintain a personal record of equities held, purchased and sold;
- b) Maintain a record of any other perceived conflict of interest including any 'gifts' (refer to Gifts Policy);
- c) Declare any conflicts of interest and these will be recorded within the Company Conflicts Register and either controlled, disclosed or avoided altogether;
- d) Disclose in each individual Client File / Cover Sheet conflicts of interest and method of disclosure to client including those personal interests.

## **6. Managing conflicts at Board or Committee level**

Where a Director or Officer or a participant in a Board meeting has a conflict the procedure to follow is:

- a) In the first instance the conflict should be disclosed formally in the Minutes of the meeting and recorded in the Board Member Conflicts Register;
- b) The person should excuse themselves physically from the meeting room during any decision making activities or discussions or votes relating to the matter at hand, that is where the conflict is perceived or apparent;
- c) The Minutes should record all of the above; and
- d) The Board Members Conflict Register should record the conflict and the action taken to handle the conflict.

**7. Template of Conflict of Interest Register**

**(I) A conflict within the financial services business**

<b>DESCRIPTION OF POTENTIAL CONFLICT OF INTEREST</b>	<b>LIKELIHOOD THAT THE CONFLICT OF INTEREST WILL ARISE</b>	<b>MITIGATING PROCEDURES / RISK PREVENTION MEASURES IN PLACE</b>	<b>CONFLICT MONITORING PROCEDURE</b>	<b>REPRESENTATIVE</b>	<b>NO CONTROL AVOID OR DISCLOSE</b>	<b>MONITORING PROPOSED INDICATE TEST,</b>	<b>PERSON RESPONSIBLE, DUE DATE, REVIEW PROCESS</b>
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**(II) A conflict between something within the financial services business and something outside the financial service business**

<b>DESCRIPTION OF POTENTIAL CONFLICT OF INTEREST</b>	<b>LIKELIHOOD THAT THE CONFLICT OF INTEREST WILL ARISE</b>	<b>MITIGATING PROCEDURES / RISK PREVENTION MEASURES IN PLACE</b>	<b>CONFLICT MONITORING PROCEDURE</b>	<b>REPRESENTATIVE</b>	<b>NO CONTROL AVOID OR DISCLOSE</b>	<b>MONITORING PROPOSED, INDICATE TEST, PERSON RESPONSIBLE, DUE DATE, REVIEW PROCESS</b>
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