



CONFLICTS OF INTEREST POLICY

EXENICO (CY) LTD

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PURPOSE

EXENICO (CY) Ltd (ex. Grandis Securities Ltd)) (hereafter the “**Company**”) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 343/17, located at 40 Themistokli Dervi, 3rd floor, office 301, CY-1066, Nicosia, Cyprus.

The purpose of this Conflicts of Interest Policy (the “**Policy**”) is to specify the procedures put in place by the Company for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interests arising in relation to its business and to reduce the risk of client disadvantage and of legal liability, regulatory censure or damage to Company’s commercial interests and reputation and to ensure that it complies with legislative requirements and the departmental and general procedures which are set by its Internal Operations Manual (“IOM”).

Conflicts of interest are defined in the context of MiFID II rules as any conflicts which arise between:

- the Company including its managers, employees and representatives and a client; or
- a client and another client when the firm is carrying out activities which are regulated by the Cyprus Securities and Exchange Commission (“CySEC”) or ancillary services.

POLICY & DEFINITION

All employees of the Company must on commencement of their employment read and fully understand the Policy. All employees of the Company are obliged to register their acceptance of having read and understood the Policy in a register, which is to be filed and managed by the Chief Executive Officer of the Company. Any employee that suspects a conflict of interest must immediately inform the Chief Executive Officer who will determine if any conflict does exist or has the potential to arise and will state the reasoning for their findings in a file kept in storage for referral to the Commission should such need arise. All staff must take responsibility to not knowingly create a conflict of interest without reference to this policy. Failure to do so may result in disciplinary action being taken.

In particular, the Company defines a conflict of interest as 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.

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, the Company shall take into account, as a minimum, whether the Company or a relevant person, or a person directly or indirectly linked by control to the Company, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- a. 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.

- b. 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.
- c. 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 favour the interest of another client or group of clients over the interests of the client.
- d. 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.
- e. 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 monetary or non-monetary benefits or services

“Relevant person in relation to the Company” means any of the following persons:

- a. a member of the Board of Directors, partner or equivalent, manager or tied agent of the Company;
- b. an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities;
- c. a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities.

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:

- a. Between the client and the Company.
- b. Between two clients of the Company.
- c. Between the Company and its employees.
- d. Between a client of the Company and an employee/manager of the Company.
- e. Between the Company's departments.

Conflicts of interest can occur in a number of situations, for example:

- a. The Company is likely to sustain an overall financial loss or avoid a financial loss, by executing a client's specific order.
- b. The Company is likely to sustain an overall financial gain by not executing a client's specific order.
- c. The market moves to a direction of a point/timing when by executing client's order will result in a financial loss for the Company.

- d. The Company's hedging policy is affected negatively by the market movement and as a result client's orders are rejected in order to prevent a financial loss for the Company.
- e. The Company's employees put their own interests above the interests of the Company's clients (commissions, inducements, etc.) The Company has an interest in the outcome of a service provided for their clients or a transaction conducted on behalf of the client, which is different from the client's interest in this result.
- f. The Company has a financial or other incentive to favor the interests of one client above the interests of another client when performing the same investment service in circumstances which are otherwise identical;

Control and Prevention of Conflicts of Interest

Where conflicts, or potential conflicts, are identified, the Company is committed to ensuring that they are effectively and fairly managed so as to prevent these conflicts from constituting or giving rise to a material risk of damage to the interests of the Company's customers.

The Company applies at least one of the following measures to every conflict or potential conflict:

- a. Staff training (as documented in the annual compliance plan)
- b. Segregation of duties (see below)
- c. Chinese walls (see below)
- d. Record keeping
- e. Establishment of an independent Compliance Department who monitors and reports on the above to the Company's Board of Directors
- f. Regular independent monitoring or review (as documented in the compliance monitoring program and the internal audit plan)
- g. Implementation of specific policies or procedures with regard to among others execution of orders, personal transactions, remunerations and inducements (see below)
- h. Disclosure to clients (see below)

Personal Transactions of Employees

All employees of the Company that are involved in the investment activities that the Company is authorised to provide must be aware of the restrictions on personal transactions detailed below. This section also includes personal transactions which may be performed by persons who are employed by companies which perform an outsourced activity to the Company, if any. If any prohibited personal transactions are entered into, the Company must be notified promptly. All employees of the Company must comply with the restricted list and the obligation to report personal transactions to the compliance officer before any order can be executed. This policy also incorporates other requirements from the Market Abuse Regulation.

For the purpose of this section, a personal transaction shall be a trade in a financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria are met:

- a) The relevant person is acting outside the scope of the activities he carries out in his professional capacity;
- b) The trade is carried out for the account of any of the following persons:
 - i. The relevant person;
 - ii. Any person with whom he has a family relationship, or with whom he has close links;
 - iii. A person in respect of whom the relevant person has a direct or indirect material interest in the outcome of the trade, other than obtaining a fee or commission for the execution of the trade.

Employees of the Company that are involved in the provision of investment services or other activities are prohibited from entering into the personal transactions that which will cause the following:

- a. enter into a transaction prohibited under section 9 of the Insider Dealing and Market Manipulation (Market Abuse) Law
- b. misuse or cause improper disclosure of confidential information,
- c. enter in a transaction that is likely to conflict with any obligations of the Company, or the employee, that are stated under the law.

Where the employee has come into contact with information which is not publicly available to clients or cannot readily be inferred from information that is so available, the employees must not act or undertake personal transactions or trade, other than as market makers acting in good faith and in the ordinary course of market making, or in the execution of an unsolicited client order, on behalf of any other person, including the Company.

The employees must not disclose any opinion other than in the normal course of business, if the person who is given the opinion is likely to enter into a transaction which is contrary to the above. The employee also should not provide an advice or provide to anyone any information, other than in the proper course of his/her employment, especially if it is clear that the person who is receiving such information will advise another party who might acquire or dispose of financial instruments to which that information relates.

Any client's orders that have been relayed to any employees of the Company are prohibited from being disclosed to another party. An employee of the Company who has knowledge of a potential client's order is prohibited from carrying out a personal transaction that is the same as the client order, if this will cause a conflict of interest.

The Company keeps records of the personal transactions notified to or identified by the Company, including, any authorisation or prohibition in connection with such transaction.

Executing Orders

As per the Company's Best Execution Policy, the best possible result must always be achieved for clients. This also includes the stipulation that whenever the orders of different clients are merged, the Company ensures fair and equitable trade allocation among client accounts. Furthermore, client orders must always be executed if possible, given the market circumstances. There can be no mutual

conflict of interest between clients' orders. The Company will process the execution of client orders based on the time of reception if and when applicable.

Inducements

As Cyprus Investment Firm, the Company is dedicated to providing honest, fair and professional investment services and/or ancillary services to clients. For this reason, the Company operates on the basic premise that no inducements (monetary and non-monetary benefits) are received in relation to the investment and/or ancillary services provided, unless these qualify as a minor non-monetary benefit.

Courses and workshops could also qualify as minor non-monetary benefits. In the unlikely event that the Company receives an inducement, the Company will return this to the client.

The Company will not provide any inducements (monetary and non-monetary) in relation to an investment and/or ancillary services to any third party, unless the provision of commissions enhances the quality of the service to the client and it does not impair compliance with the duty to act in the best interests of the clients. Evidence of this will be documented.

Furthermore, where the Company receives research, including specific investment software from third parties/brokers, the Company pays for this research out of its own funds (through P&L).

Remunerations

To mitigate conflicts of interest, the Company ensures that relevant persons are not only remunerated based on quantitative commercial criteria, but equal attention is given to qualitative criteria such as compliance with regulations, the fair treatment of clients and the quality of services provided to clients etc.

Furthermore, the Company ensures that the variable element of the remuneration shall never exceed the fixed element of the remuneration. Retention period of the variable remuneration is also introduced, where the vesting period varies depending on the level of conflict of interest.

Where relevant persons are engaged in different activities where a conflict of interest may arise in relation to those activities, the Company ensures that there is no direct link to their remuneration.

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 risk of damage and send a completed Conflict of Interest Notification Form together to the Head of Compliance for inclusion within the reports reviewed by the Board of Directors 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;

Management of Conflicts of Interest

A. Independence and Segregation of Duties

The following functions and departments are segregated as measures to prevent or manage conflicts of interest:

- Dealing and the front office;
- The front office and the back office;
- Trading and confirmation trades;
- Set up of bank account and payments;
- Set up of data and transactions;
- Payment order and payment execution;

Furthermore, 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 where the exchange of that information may harm the interests of one or more clients. (i.e. by establishing a Chinese wall – see section B below)
- Direct 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:
- 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.
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out and/or promotes 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, where such involvement may impair the proper management of conflicts of interest

B. Chinese Walls

Chinese walls are essentially information barriers which are used to prevent inside or highly confidential information possessed by one part of the business from being inappropriately passed to, or obtained by, another part of the business.

When a Chinese wall is used as a way of managing conflicts of interests, individuals on the other side of the wall will not be regarded as being in possession of knowledge denied to them as a result of the Chinese wall. For example, where arrangements have been put in place to ensure that entities belonging to the same group operate independently of each other with effective Chinese walls, the entities shall not be deemed to have knowledge of each other for conflicts of interest purposes. Access to server and clients' data is restricted per department in line with the Company's Server Security Policy.

In order to restrict the flow of confidential and inside information within the Company, the Company maintains Chinese walls and physical separation of the following departments:

- Compliance Department
- Back Office Department
- Accounting & Finance Department
- Dealing Room Department

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 risks of damage to clients' interest will be prevented, the Company proceeds with the disclosure of conflicts of interest to the client.

Prior to carrying out a transaction or providing an investment or an ancillary service to a client, the Company discloses any actual or potential conflict of interest to the client. The disclosure will be made in sufficient time, in a durable mean and shall include sufficient detail, taking into account the nature of the client, to enable them to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

Clients will be given the opportunity to decide whether or not to continue their relationship with us with no unreasonable obstacles.

The Company shall ensure that disclosure to clients pursuant to this section is a measure of last resort that shall be used only where the effective arrangements established by the Company to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

The disclosure shall:

- a) Clearly state that the organisational and administrative arrangements established by the Company to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- b) Include specific description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is being made. The description shall explain in sufficient detail to enable that

client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts arise:

- i. The general nature and sources of conflicts of interest;
- ii. The risks to the client that arise as a result of the conflicts of interest; and
- iii. The steps undertaken to mitigate risks.

Record Keeping

The Company keeps and regularly updates a record of the kinds of investment and ancillary service or investment activity carried out by or on behalf of the Company in which a conflict of interest entailing a 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.

The following documentation are maintained for a minimum period of five years:

- This policy, any functional variations if applicable
- The Conflicts Log and the Conflicts Identification and Management Map;
- Rules, procedures and processes;
- Training material and training records;
- Conflicts of Interest Notification Forms;
- Details of any review work carried out (including any decisions made on conflicts management); and
- Any other documentation used to demonstrate the management of conflicts of interest.

Senior management shall receive on a frequent basis, and at least annually, written reports on situations referred to in this section.

Responsibilities

The Company's Chief Executive Officer is responsible for clearly allocating responsibility and delegating authority to accountable individuals to ensure that those involved are aware of their involvement and that the Conflict Officer has a sufficient level of authority and independence in order to carry out their responsibilities effectively.

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 judgments 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.

Individuals are required to identify new conflicts of interest arising out of the activities/services that they perform and engage in the process to notify line management upon identifying any potential conflict.

The Company's Conflicts Officer is the Head of Compliance who is responsible for the day to day management of the implementation of this policy. In particular, they, or their delegate, are responsible for:

- establishing the policy in relation to conflicts of interest;
- providing training oversight and aid;
- monitoring compliance with arrangements;
- the oversight of conflicts management;
- maintaining records in relation to conflicts of interest;
- reviewing and challenging the Conflicts Identification and Management Map; and
- providing appropriate internal reporting to the Board of Directors.

Conflicts Deadlock

Where line management cannot resolve a conflict to the satisfaction of all parties, the Compliance Head will, as the Approved Person with responsibility for Compliance and Risk, have the final say.

Review of the Policy

This Policy shall be reviewed periodically and at least on an annual basis by the Company's Risk Officer and shall be approved from the Company's Board of Directors. The Company shall take all appropriate measures to address any deficiencies.

Over-reliance on disclosure of conflicts of interest shall be considered a deficiency in the Company's conflicts of interest policy.

Implementation and enforcement of the policy

Senior management is responsible for establishing procedures for the identification, prevention and control of conflicts of interest. Checks and monitoring are carried out by Risk Management and the

Compliance Officer in order to determine whether potential conflicts of interest are controlled. In the event of non-compliance with the policy, a report is made to the responsible management and a decision on how to resolve the situation is made in consultation with the management. In the event that a conflict of interest is identified and it is not possible for the Company to prevent or control a conflict of interest, the Company will notify the client accordingly, as discussed above.

The Risk Officer is responsible to maintaining a register of conflicts of interest and corresponding controls. Conflicts of Interest is an item on the agenda for discussion at all Board of Directors and Committee meetings. Any new potential conflict of interest, or changes to an existing conflict, should be communicated to the Risk and Compliance Officers as soon as the conflict, or potential conflict, has been identified so that the register can be updated accordingly. In addition, the register is submitted periodically to all Board of Directors meeting and Risk Committee Meeting for review.

Monitoring

On an annual basis, a conflicts of interest evaluation takes place performed by the Compliance Officer and this policy will be reviewed. If applicable, all appropriate measures will be taken to address any deficiencies.

Record retention

The Compliance Officer will keep the conflicts of interest register for a period of at least five years from the date of review by the Risk Committee and/or the Board of Directors meeting in line with the record retention policy.