

Conflicts of Interest Policy

Zarattini | International

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1. Statement of Principle

Zarattini International Ltd. (“ZIL” or the “Company”) makes part of a group of companies in different jurisdictions. The Company conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its clients, itself and the other companies in the group, and between one client and another.



Group Consolidated Structure under FINMA Rules

2. Introduction

In the provision of its services, ZIL may face actual and potential Conflicts of Interest periodically. ZIL’s policy is to take all appropriate steps to maintain and operate effective organizational and administrative arrangements to identify and manage relevant conflicts. Senior management within the Company are responsible for ensuring that the Company’s systems, controls and procedures are adequate to identify and manage Conflicts of Interest which cannot be prevented. ZIL has in place business-specific procedures that address the identification and management of actual and potential Conflicts of Interest that may arise in the course of the Company’s business. Where ZIL’s organizational arrangements are not sufficient to prevent conflicts from adversely affecting client interests, ZIL shall make an enhanced disclosure of the conflict and the steps taken to mitigate the risks before undertaking any business on the client’s behalf.

3. Objective

The Company is required to take all appropriate steps to identify and adequately manage Conflicts of Interest entailing a material risk of damage to a Client’s interest. This policy specifies the requirement for the Company to have in place appropriate procedures and measures in order to identify and manage any such material Conflicts of Interest.

4. Scope

4.1. Conflicts of Interest

This policy applies to those Conflicts of Interest that may give rise to a material risk of damage to the interests of a client. Conflicts of Interest may arise between:

- ZIL and a client;
- A Relevant Person and a client;
- Two or more clients of the Company in the context of the provision of services by ZIL to those clients; and
- ZIL's other affiliates and a client.

4.2. Clients

For the purposes of this policy, clients include:

- Existing clients of the Company; or
- Potential clients of the Company, with whom the Company is seeking to enter into a contractual relationship for the provision of Investment Services.

4.3. Investment Services

For the purposes of this policy, Investment Services means, the Investment Services that ZIL is authorised to provide by the MFSA. These services are:

- Execution of orders on behalf of other persons;
- Reception and Transmission of Orders;
- Nominee; and
- Placing of instruments without a firm commitment basis
 - o For Retail Clients;
 - o For Professional Clients (including collective investment schemes); and
 - o For Eligible Counterparties.

4.4. Relevant Person

For the purposes of this policy, a Relevant Person, means any of the following:

- A Director or member of Senior Management of the Company;
- A Director or member of Senior Management of Banca Zarattini & Co. SA;
- An employee of the Company or of Banca Zarattini & Co. SA;
- A natural person who is involved in the provision of services to the Company or Banca Zarattini & Co. SA under an outsourcing arrangement for the purpose of the provision by the Company of investment services and activities.

5. Rules and Regulations

This policy sets out the minimum standards that ZIL shall meet to comply with such rules and guidance. It does not, however, replace the Company's requirement to observe any additional regulatory requirements when identifying and managing Conflicts of Interest.

6. Inducements

ZIL shall act honestly, fairly and professionally in accordance with a client's best interests. ZIL shall not be regarded as acting honestly, fairly and professionally in accordance with clients' best interests if it pays or is paid a fee, commission or non-monetary benefit or providing an investment or ancillary service to clients in exchange for an investment or ancillary service, unless it can rely on an exemption. These exemptions are:

- Fees/commissions/non-monetary benefits paid or provided to or by the client;
- Fees/commissions/non-monetary benefits paid or provided to or by a third party where:
 - Prior to the provision of the service the nature and amount of the fee/benefit is disclosed to the client in an understandable manner (where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client);
 - The fee/benefit is designed to enhance the quality of the relevant service to the client and;
 - The fee/benefit does not impair ZIL's compliance with its duty to act in the client's best interests;
- Fees necessary for the provision of investment services such as custody costs and legal fees.

Any payment or benefit which is necessary for or enables the provision of investment services cannot give rise to conflicts with ZIL's duty to act honestly, fairly and professionally in accordance with the client's best interest. Such benefits or payments include custody costs, settlement and exchange fees.

Certain situations where the quality of relevant service is enhanced include situations where a monetary/non-monetary benefit:

- Is justified by the provision of higher level service to the relevant client which is proportional to the level of inducements received, such as, access to a wide range of instruments;
- Does not directly benefit ZIL, its shareholders or employees without a tangible benefit to the relevant client; and
- Is justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement.

ZIL shall keep records to show that any fees, commissions or non-monetary benefits paid or received by ZIL are designed to enhance the quality of the relevant service to the client. ZIL shall keep an internal list of all fees, commissions and non-monetary benefits received by the firm from a third party in relation to the provision of investment or ancillary services. ZIL shall also record how the fees, commissions and non-monetary benefits paid or received by the firm enhance the quality of the services provided and the steps taken in order not to impair the firm's duty to act honestly, fairly and professionally in accordance with the best interests of the client.

ZIL's reporting obligations are to disclose to the client the following:

- Information on the payment or benefit concerned (minor non-monetary benefits may be described in a generic way but other non-monetary benefits received or paid shall be priced and disclosed separately);
- Where ZIL is unable to ascertain in advance the amount of any payment or benefit to be received or paid and instead disclosed to the client the method of calculating that amount, the firm shall provide its clients after the event with information of the exact amount; and
- At least once a year, as long as (on-going) inducements are received by the firm in relation to the investment services provided to the relevant clients, the firm shall inform its clients on an individual basis about the actual amount of payments or benefits received or paid.

7. General Guidance

In identifying Conflicts of Interest, the Company shall consider all of the factual circumstances and shall take into account, inter alia, whether ZIL, Banca Zarattini & Co. SA or a Relevant Person:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- has an interest in the outcome of a service provided to a client or of a service, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of a client or group of clients over the interests of another client;
- carries on the same business as a client; and/or
- 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.

8. Examples of Conflicts of Interest

Conflicts of Interest may arise in the following instances:

- Where inducements are given to, or received from, third parties, such as commissions or recurring commissions on sales or payments in kind in connection with the investment services the company provides;
- As a result of performance-related compensation paid to employees and agents;
- Where inducements are given to employees and agents;
- Where employees might have access to information that is not publicly available.

9. Identifying and Managing Conflicts of Interest

Should a Conflict of Interest arise, it must be managed promptly and fairly. As a minimum standard ZIL has in place arrangements designed to ensure that:

- sections operate with appropriate independence from one another;
- there are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
- Supervisory arrangements provide for separate supervision of staff where necessary for the fair management of Conflicts of Interest;
- relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interest;
- appropriate inter- and intra-sectional escalation processes are in place and complied with where a Conflict of Interest has been identified or may be identified;
- adequate records are maintained of the services and activities of the Company where a Conflict of Interest has been identified;
- where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- where necessary, Relevant Persons are subject to personal account transaction rules; and
- there is a periodic review of the adequacy of the Company's systems and controls.

9.1. Information Barriers

The Company respects the confidentiality of information it receives about its Clients and operates a “Need to Know” approach and complies with all applicable laws with respect to the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client or ZIL. The principal way in which the Company structures its business to manage Conflicts of interest is through the maintenance of information barriers (“Chinese Walls”) in accordance with the Banca Zarattini & Co SA’s Chinese Wall policies which are designed to restrict information flows between different areas of ZIL.

Chinese Walls and other measures are put in place to enable the Company and Relevant Persons to carry out business on behalf of Clients without being influenced by other information held within the Company that may give rise to a potential Conflict of Interest. To avoid extraneous interests having any influence on services provided by the Company, ZIL has committed itself and its employees to observe high ethical standards. The Company expects at all times, diligence and honesty, lawful and professional conduct, compliance with market standards and, above all, regard at all times to the client’s best interests.

9.2. Identification and Management of Potential Conflicts of Interest

ZIL requires that potential business be logged at the earliest possible time and prior to signing a mandate; receiving any non-public information or making a commitment, verbal or written, to act for a Client. This is to assist in the identification and management of potential Conflicts of Interest.

In order for the Company to be in a position to identify potential conflicts, material transactions involving Clients, Relevant Persons or ZIL are logged internally and analysed against existing relationships and transactions.

9.3. Measures of Control for Identification and Management of Conflicts of Interests

In managing a Conflict of Interest it may be appropriate to use additional measures in the event that existing ongoing conflicts management measures are not sufficient to adequately manage the potential conflict, such as the following:

- Implementing rules governing the taking, giving and disclosure of inducements;
- Establishing firewalls through the implementation of information barriers, and separation of duties, and/or physical segregation;
- The operation of insider lists and watch lists with a view to the monitoring of sensitive information flows and the prevention of misuse of insider information;
- The operation of a restricted list, one of the purposes of which is to counter possible conflicts of interest prohibiting any trading activity on the part of the parties concerned; and
- Reporting to the proper authority any dealing in securities on the part of employees who might be exposed to potential conflicts of interest by reason of their functions.

9.4. Personal Account Dealing

To prevent conflicts arising from use of information obtained from clients, and market abuse generally, all employees are subject to personal account dealing rules, found in the Personal Trading Policy.

10. Disclosure of Conflicts of Interest and Client Consent

The Company has procedures to protect the Client's interests from conflicts that might arise from ZIL's own activities. In certain circumstances, if some Conflict of Interest remains and, where permissible by local regulations, disclosure to an affected Client may be made in order to seek Client consent to act. Although disclosure shall be the last resort, that is, it shall only be used where ZIL's organisational and/or administrative measures are not sufficient to ensure, with reasonable confidence, that the risks of damage to a particular client's interests will be prevented. Moreover, disclosure shall be tailored to the clients to whom the conflict is addressed to enable the clients to make an informed decision.

ZIL considers over-reliance on disclosure a deficiency.

In its disclosure to the client ZIL shall state that the organisational and/or administrative arrangements established by it to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that there will not be a risk of damage to the interests of the client.

11. Register

The Company keeps and regularly updates a record of the types of services carried out by ZIL in which Conflicts of Interest entailing a material risk of damage to the interests of one or more Clients has arisen. The information contained within the register facilitates the effective identification and management of any potential Conflicts of Interest. The Register can be found in Annex I

12. Validity and updates

The Conflicts of Interest Policy was adopted by ZIL on 1st September 2015, was amended on 25th October 2017.

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