EMKAP UK LTD

CONFLICTS OF INTEREST POLICY

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EmKap UK

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1. INTRODUCTION

EMKAP UK Ltd, (hereinafter "**EMKAP UK**" or "**the Company**") is committed to maintaining an environment where an effective system is enforced to face oncoming risks and preventing conflicts of interest. The Company, through the established arrangements, will manage conflicts of interest which arise or may arise in the course of providing a service to clients and counterparties ("clients")

This policy sets out how EMKAP UK shall aim to manage any existing and potential conflicts. EMKAP UK shall minimize conflicts by matching our interest with the interests of our clients. All employees have a responsibility not to create a conflict and failure of which may result in a disciplinary action. This Policy is not intended to, and does not, create third party rights or duties that would not otherwise exist had the policy not been made available, nor does it form part of an agreement between EMKAP UK and the client.

2. SCOPE AND PURPOSE

This policy outlines EMKAP UK's approach to identifying and managing conflicts of interest that may arise in the course of carrying out regulated activities. It has been developed in accordance with the requirements of the Financial Conduct Authority (FCA) and the Markets in Financial Instruments Directive II (MiFID II). The purpose of this policy is to ensure that EMKAP UK takes all reasonable steps to maintain effective organisational and administrative arrangements to prevent conflicts from adversely affecting the interests of its clients.

This policy applies to conflicts that may arise between EMKAP UK and its clients, between different clients of the firm, or between the firm's employees and any other relevant person connected to EMKAP UK. It covers all investment services provided by the firm, whether carried out directly or indirectly, and aims to promote a framework of fairness, transparency and accountability.

EMKAP UK is committed to conducting its business with integrity, ensuring that its affairs are managed responsibly and effectively, and paying due regard to the interests of its clients at all times. Senior management is responsible for ensuring that this policy is implemented effectively and that the firm's systems and controls are sufficient to identify, manage, and mitigate conflicts of interest on an ongoing basis.

The purpose of this policy is to ensure that EMKAP UK:

- Identifies circumstances that may give rise to a conflict of interest involving a material risk of damage to the interests of one or more clients;
- Maintains appropriate organisational and administrative arrangements to manage those conflicts; and

- Operates systems and procedures designed to prevent any such conflicts from adversely affecting client outcomes.

3. CONFLICT OF INTEREST

A conflict of interest occurs when an entity or individual becomes unreliable because of a clash between personal (or self-serving) interests, including financial matters or close personal relationship and professional duties or responsibilities. Such a conflict occurs when a company or person has a vested interest in opposition to the Company's interests. In the context of a relationship between the Company and its client, EMKAP UK owes a legal duty to ethically act in the best interest of the client and exclude its own interests.

EMKAP UK engages in a number of activities where there is a risk that the interests of one or more clients may be compromised. These activities include:

- Trading on behalf of clients;
- Trading on own account; or
- Providing investment advice.

A potential conflict may occur where the Company finds itself at the center of multiple interests which oppose each other. This may arise in the following cases:

- EMKAP UK and its clients
- Client-Client conflicts;
- Employee-Client conflicts; and
- Employee - Company conflicts.

EMKAP UK, together with its managers, employees, appointed representatives, and any individuals directly or indirectly connected to the firm through control, is required to fully comply with all applicable laws, regulations, and regulatory standards. This includes, but is not limited to:

- The Financial Services and Markets Act 2000 (FSMA)
- The Financial Conduct Authority's Principles for Businesses
- The relevant rules under the FCA Conduct of Business Sourcebook, including section 4.1 on communications with clients[1]

[1] FCA Handbook, COBS 4 – *Communicating with Clients, including Financial Promotions*. Available at: https://handbook.fca.org.uk/handbook/COBS/4/

These obligations reflect EMKAP UK's commitment to maintaining high standards of conduct, ensuring the fair treatment of clients, and operating in a manner consistent with its regulatory responsibilities.

4. TYPES OF CONFLICTS

EMKAP UK Client Conflicts

- Where EMKAP UK trades its proprietary positions in a security when at the same time it has information about the ongoing or future transactions concerning the client and the securities;
- Where an employee of EMKAP UK engages in personal account dealing in respect of securities and EMKAP UK has a client with an interest that potentially conflicts with such dealing;
- Where EMKAP UK gains information about distressed assets and then trades proprietary positions in those assets;
- Where gifts and inducements are received by EMKAP UK or its employees that may influence behaviour in a way that conflicts with the interests of the clients of EMKAP UK;

Investments Advise and Client conflicts:

- Where the investment advisor provides misleading information on an instrument which will affect a client's investment decision, with the goal to increase the trading flow.
- Concerning prime brokerage, where EMKAP UK gains information about securities and then the proprietary unit engages in securities lending kept on the client`s account and trades accordingly on the market to capitalise on forecasted price movements; i.e., negative news gained by EMKAP UK on a stock trigger respective security borrowing by the proprietary desk which then sells the borrowed stock to then buy it back less expensively before it returns to the clients account without their authorisation

With respect to proprietary trading:

- Where EMKAP UK wants to purchase an instrument that a client also wants to purchase, the client's order will always come first. This is applied to both – primary and secondary markets.
- The traders will anticipate client orders and buy onto EMKAP UK's books to sell to clients. An alternative option is that EMKAP UK will switch into a broker capacity and will acquire the security from the market and buy for the client.

Client v Client Conflict:

- Where EMKAP UK provides advisory and financial services to one client in respect of a bid and seeks to provide financing services to another client in respect of the same bid;
- Where multiple clients are interested in acquiring the same underlying security and EMKAP UK may need to choose between which clients may receive the product;
- Where multiple clients are charged different fees for the same underlying investment strategy which may result in EMKAP UK's not acting in good faith to its clients;
- Where EMKAP UK may provide advice to clients whose interests may be in conflict or competition with other clients' interest.

Conflict of interest may also arise in the course of providing its services, EMKAP UK should as a minimum consider whether a person is directly or indirectly linked by control:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- 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 clients' interest in that outcome;
- Has financial or other incentives to favour the interest of one client or group of clients over the interests of the client;
- Carries on the same business as the client; or

Receives or will receive from another person other than the client an inducement with a service i.e. In the form of monies, goods or services or other than the standard commission.

5. CONFLICT OF INTERESTS: OUTSIDE BUSINESS DIRECTORSHIPS

EMKAP UK employees who wish to hold a directorship in a business organisation other than EMKAP UK obtain prior written approval from the Compliance Officer. The request should be submitted in writing and contain the following information:

- name and address of the organisation;
- nature of its business;
- the basis on which the staff is remunerated.

Upon joining EMKAP UK, employees fully declare all their directorships or consultancies and may be required to resign from the boards of those companies which may be considered to be in conflict potentially or, with any business of EMKAP UK or its clients.

6. MANAGING CONFLICTS OF INTEREST

EMKAP UK ensures that this policy also takes into account any circumstances, which may give rise to a conflict of interest resulting from business activities of other members of the Company in the structure. The Firm has adopted measures necessary and appropriate for it to ensure the requisite degree of independence:

- Effective procedures to prevent or control the exchange of information between relevant persons engaged in portfolio management activities or other activities.
- EMKAP UK implements a strict separation of tasks and areas of responsibility that may be viewed as incompatible with each other or could potentially give rise to conflict of interest and specifically:

- Separate supervision of relevant persons whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to clients or investors, whose interests may conflict.
- 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.
- Measures to prevent or restrain any person from exercising inappropriate influence over the way in which a relevant person carries out collective portfolio management activities.
- Effective procedures to prevent or control the exchange of information between the departments and non-acting traders via Chinese walls where the exchange of such information may harm the interests of one or more clients;
- Measures to prevent or control the simultaneous or sequential involvement of employees in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;
- Segregation of duties that could give rise to conflicts if carried out by the same individual;
- To monitor and report on all compliance procedures above to the board of directors;
- Establishment of a “four-eyes principle” in relation to the supervision of the firm’s activities;

- Where necessary, relevant persons are subject to personal account transaction rules; and measures to prevent or limit any person from exercising inappropriate influence.
- Some of the policies and procedures established to prevent conflicts are shown below:
  - The Confidentiality Policy governing the internal and external confidential information within EMKAP UK and between EMKAP UK and its affiliates;
  - Privacy Policy governing access to electronic data;
  - Personal Account Dealing Policy setting out personal account dealing requirements applicable to relevant persons in relation to their own investments and/or that any personal dealing must be approved by compliance;
  - Bribery, Gifts and Entertainment Policy to cover registration of the solicitation, offer or receipt of certain benefits and to limit the giving or receiving of inducements; and
  - Remuneration Policy is in line with EMKAP UK's business strategy, and a consistent approach is taken to attract, develop, retain and reward employees for contributing to EMKAP UK's success, whilst maintaining financial stability and robust and effective risk management.
  - If a conflict of interest emerges between clients, EMKAP UK shall not disclose the details of a client to another client to prevent a breach of confidentiality. Where EMKAP UK believes that a conflict cannot be managed in light of the arrangements currently implemented or by the introduction of new measures, we shall refuse to act on behalf of the client.

7. SAFEGUARDING AND SEGREGATION OF ASSETS

EMKAP UK implements the following measures in order to ensure the maximum protection of client money and client assets that it safeguards:

- Keeps client money separate from the firm's own money by maintaining designated client money bank accounts in accordance with the CASS Rules.
- Maintains client assets separately from the firm's own assets and ensures appropriate segregation throughout the custody chain.
- Maintains accurate books, records, and reconciliations to enable client money and client assets to be identified promptly and distinguished from the firm's own assets at all times.
- Ensures that client financial instruments deposited with third-party custodians are held in accounts clearly distinguished from the firm's own assets and the assets of

the third party, or by equivalent arrangements providing the same level of protection.
- Performs appropriate due diligence and ongoing oversight of third-party custodians holding client assets on behalf of clients.
- Implements appropriate operational controls to minimise the risk of loss, misappropriation, fraud, misuse, negligence, or inadequate administration of client money and client assets.
- Complies with the CASS Rules by maintaining appropriate segregation, record-keeping, reconciliations, and safeguarding arrangements for client money and custody assets.

8. CONTROL AND PREVENTION

EMKAP UK has established appropriate policies, procedures, and controls to identify, prevent, manage, and, where necessary, disclose conflicts of interest that may arise in the course of its business activities. In doing so, EMKAP UK is committed to the following principles:

- Conducting its business fairly with integrity and professionalism.
- Organising and controlling its affairs responsibly and effectively.
- To pay due regard to the interests of its clients and treat them fairly.
- Managing conflicts of interest fairly between:
  a. EMKAP UK and its clients
  b. One client and another client.
- Maintaining effective procedures to identify, assess, manage, monitor, and record actual, potential, and perceived conflicts of interest.
- Referring to this Policy when identifying or managing conflicts of interest.
- Disclosing conflicts of interest to affected clients where organisational and administrative arrangements are not sufficient to prevent the risk of detriment to clients, and only as a measure of last resort.
- Maintaining a Conflicts of Interest Register recording identified conflicts and the actions taken to manage them.

9. CHINESE WALLS

Where there is a material conflict of interest, Chinese Walls are in place within EMKAP UK to restrict information flows between different areas of EMKAP UK.

- A Chinese Wall is an arrangement where confidential information is not shared between two departments in an organisation. This is to prevent commercially sensitive or confidential information from being made known. This is achieved by a physical barrier restricting the flow of information between employees, which is monitored and enforced;
- Restricted access to documents and information, including electronic documents;
- Where documents and papers relating to conflict information needs to be destroyed, they must be shredded and properly disposed of;
- Before any conflicting information is disclosed to another department, approval must be obtained from the Compliance Officer.
- Prohibition and restriction of certain communications between employees;
- A written policy and procedure statement, communicated and acknowledged by employees, and disciplinary measures for breach of the policies and procedures;
- Acknowledgements by employees of receipt of policies, attendance at training concerning Chinese Walls and the management of conflicts of interest; and
- Separate management and supervision of employees on different sides of the Chinese Wall.
- There are Chinese Walls between the following services:
    - Brokerage; and
    - Proprietary trading
- Whereby an employee becomes aware of information following the failure of a Chinese Wall or any other reason, which could give rise to a conflict of interest, the matter must be referred to the Compliance Officer.
- For the Brokerage department, the trading system is protected so that the transaction log is not accessible to other departments. Similarly, all transactions are cross-checked with orders that are received to ensure that no supplementary transaction flow was affected to benefit from any price manipulation mechanisms.
- Chinese Walls and other measures are put in place to enable EMKAP UK and relevant persons to carry out business on behalf of clients without being influenced by other information held within EMKAP UK that may give rise to a potential conflict. Management of EMKAP UK shall monitor the communication content between the departments to ensure that the necessary Chinese Walls are maintained.

EmKap UK

10. DISCLOSURE

Where EMKAP UK cannot ensure with reasonable confidence, that the risk of damage to the interests of a client will be prevented. EMKAP UK will disclose the general nature and source of the conflict(s) of interest to the client before undertaking business on its behalf. As a last resort and for the benefit of the client, EMKAP UK must disclose a conflict of interest where it cannot through arrangement ensure that conflict will be prevented or managed.

The relevant disclosure will:

- Be made in a durable medium;
- Include sufficient detail, taking into account the nature of the client, to enable that client to make an informed investment decision with respect to the service in the context of which the conflict of interest arises;
- Include a specific description of the conflict of interest in question;
- Explain the general nature and/or sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflict and the steps undertaken to mitigate these risks.

Where EMKAP UK has a material interest in a transaction with or for a client, or a relationship which gives rise to an actual or potential conflict of interest about the transaction, it should neither advise nor be involved in concerning the transaction unless it has taken all reasonable steps to ensure fair treatment of the client.

11. RECORD KEEPING

EMKAP UK will maintain a Conflicts of Interest Register documenting all actual and potential conflicts identified in the course of its business activities. This register will support the firm's ability to manage conflicts effectively and demonstrate compliance with regulatory obligations.

Records of conflicts will be retained for a minimum of five years, or longer where required by applicable regulation. The register will be reviewed and updated as necessary and will be presented to the Board of Directors on a quarterly basis, or more frequently if a material conflict arises.

12. TRAINING & REVIEW

All employees will be given training on how to be aware of conflicts of interest and how to report any new or future conflicts at least annually.

13. CONTROL BY AUDITORS

A sequential internal audit visit will mitigate conflict of interest risks especially within the undertaking of functions such as trading and back office; settlement and payments functionalities. An external audit visit will mitigate conflicts of interest within the unit of accounting and across other units of EMKAP UK.

14. FCA REPORTING

EMKAP UK will comply with all applicable FCA reporting requirements relating to conflicts of interest. Where required, relevant conflicts information will be reported to the FCA through the firm's regulatory reporting and returns, in accordance with applicable FCA rules and reporting obligations. Internal records will be maintained to support the accuracy and completeness of all regulatory disclosures.

15. FAILURE TO COMPLY

The requirements of employees to comply with EMKAP UK's policies for managing conflicts of interest as set out above are part of the mandatory internal obligations of all staff. If an employee does not comply with this policy, a formal warning will be given. If non-compliance with this policy is identified as malicious action, a disciplinary procedure will be invoked.

16. MONITORING AND REVIEW

EMKAP UK has a responsibility and a legal obligation to ensure that its conflict management arrangements remain adequate. These compliance policies must work in a changing environment. For these purposes:

EMKAP UK's Board has the ultimate responsibility for ensuring the adequacy of this policy, its implementation and that this policy is reviewed adequately.

EMKAP UK senior management has the responsibility for ensuring implementation of the board's directions, including implementation by the Compliance Officer and other employees, and monitoring by the Compliance Officer.

The Compliance Officer is responsible for:

- monitoring the day-to-day implementation of this policy;
- training of all staff; and
- advising EMKAP UK senior management on particular issues for potential change to this policy.

EMKAP UK staff have responsibility for ensuring their compliance with this policy and for suggesting changes to this policy.

This policy is approved by the board of EMKAP UK and is available to all employees.

EMKAP UK annually reviews this Policy, and should any amendments be made, which may materially affect how the firm would handle a conflict of interest on behalf of a client, the client shall be notified in writing of the nature of the changes. The client is provided upon account opening, and further upon request, with an up-to-date copy of the conflicts of interest policy statement.

The responsibilities contained within this document will be reviewed on an annual basis by the board of directors and any changes made if appropriate.