

# BLOCK WAVE FINANCE

## 1. Introduction

Block Wave Finance is the trading name for BLOCK WAVE FINANCE. The website is operated by BLOCK WAVE FINANCE;

## 2. Purpose

The purpose of this Policy is to specify the procedures established by the Company, for identifying and responsibly managing and controlling and, where necessary, disclosing all the conflicts of interests arising in relation to its business as well as the steps taken to mitigate the existing risks that could adversely affect the interest of the client, and to ensure that it complies with legislative requirements and the departmental and general procedures which are set by its Internal Procedures Manual.

## 3. Identification of Potential Conflicts of Interest

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. Situations where conflicts of interest can occur include the following:

- (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 money, goods or services, other than the standard commission or fee for that service.

3.1 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) a member of the board of directors, partner or equivalent, or manager of any tied agent of the

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Company;

- (c) 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;
- (d) 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;
- (e) The affected parties if a 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:
  - Between the client and the Company.
  - Between two clients of the Company.
  - Between the Company and its employees.
  - Between a client of the Company and an employee/manager of the Company.
  - Between Company's Departments.
- (f) Conflicts of Interest can occur in a number of situations, for example:
  - The Company or a relevant person or a person directly or indirectly linked by control to the Company is likely to sustain an overall financial loss or avoid a financial loss, by executing a client's specific order.
  - The Company or a relevant person or a person directly or indirectly linked by control to the Company is likely to sustain an overall financial gain by not executing a client's specific order.
  - 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.
  - 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.
  - The Company may be matching the Client's Order with that of another Client by acting on such other Client's behalf as well as on the Client's behalf.
  - The Company may use entities which are members of its group as counterparties to certain transactions without prior disclosure to the client.

## 4. 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 material risk of damage and send a completed Conflict of Interest Notification Form together with full details to allow regulatory scrutiny, of:

- Corrective and preventive actions;
- How these actions were considered appropriate;

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- Any conditions imposed; and
- Whether there are still ongoing conflicts, how these are being managed and advised to the client;

## **5. Management of Conflicts of Interest**

The Company maintains a compliance department that is independent within the Company, and it is within the duties of the Compliance Department to monitor the Company's Conflicts Policy and practices for any possible violation, as well as for managing any possible conflicts of interest. The Company has established suitable and adequate internal procedures for minimizing any potential conflicts of interest which include the following:

### **a. Independence**

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 (i.e. by establishing a Chinese wall)
- 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 the Company.
- Segregation of duties and supervision for persons engaged in different business activities including procedures for ensuring appropriate communication between business units.
- 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:
- Dealing room employees do not relate their remuneration with clients' performance.
- Proper controls to ensure that no improper inducements are given or received, and proper inducements are disclosed appropriately.
- 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. 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.
- Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.

### **b. 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 carry out a transaction or provide an investment or an ancillary service to a client, the Company must disclose any actual or potential conflict of

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interest to the client. The disclosure will be made in sufficient time and in a durable mean and shall include sufficient detail, taking into account the nature of the client, to enable him to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises. Where the Company will consider that a disclosure is not sufficient to manage a conflict, we may choose not to proceed with the transaction or matter giving rise to the conflict.

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

## **c. 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 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. The following documentation shall be maintained for a minimum period of seven (7) years:

- This policy, any functional variations if applicable;
- The Conflicts Log and the Conflicts Identification;
- 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

## **d. 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 judgements 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.

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- 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 process and procedures in place.

The Company's employees 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, (s)he, or his/her delegate, is 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;
- establishment of the four-eyes principle in supervising the Company's activities;
- maintaining records in relation to conflicts of interest;
- reviewing and challenging the Conflicts Identification; and
- providing appropriate internal reporting to the Board of Directors.

## 6. Amendment/Review

The Company reserves the right to amend the current Policy at its discretion and at any time it considers suitable and appropriate and that shall be at least annually.

## 7. Further Information

Any enquiry for further information with regards to the Company's Conflicts of Interest Policy and procedures, should be addressed to our Customer Support Department at [admin@blockwavefinance.com](mailto:admin@blockwavefinance.com).

You may

also contact our Compliance Department at [support@blockwavefinance.com](mailto:support@blockwavefinance.com).