



Conflict of Interest Policy

Fidelis Wealth Management

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CONTENTS

1. Introduction.....	5
2. Purpose.....	5
3. Conflicts of interest.....	9
a. Identification.....	9
b. Conflict Management and Mitigation.....	13
c. Disclosing and Recording a Conflict of Interest.....	19
d. Recording a Conflict of Interest.....	19
4. Declining to Act.....	22
5. Gifts and Inducements.....	22
6. Personal Transactions.....	22
7. Confidential Information	12
8. Report Of Breaches.....	14
Appendix I – Issue Log.....	15
Appendix II – Types of Conflicts of Interest and Mitigating Controls.....	15
Appendix III – Conflicts of Interests Form.....	15
Appendix IV– Gifts Register.....	15
Appendix V – Conflicts of Interest Register	15
Appendix VI – Personal Transactions Declaration Form.....	15

This Conflict of Interest Policy sets out the effective organisational and administrative arrangements that have been put in place to identify, prevent, manage and monitor conflicts of interest that entail a material potential risk of damage to the interests of Fidelis Wealth Management LLC (herein referred to as “the Brokerage Company”) and its customer.

Document History and Information

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Change mechanism

Any requirement for change or clarification should be addressed to the document owner, as defined in this policy, who will log the issue in an issue log (Appendix I). Issues must be collected via the issues log until the regular policy review date, at which point all identified issues with respect to this policy must be considered and addressed as part of the policy review and update process.

1. INTRODUCTION

The Brokerage Company is required to maintain and operate effective organisational arrangements that will identify and manage conflicts of interest which arise or may arise in the course of providing a service to clients, all the connected people inside/outside the parent company, and other entities in the same economic group, This policy applies to all Company directors and employees. This policy should be read in conjunction with the Company's Market Abuse policy, Internal Governance Policy, Investment Management policy, Business Continuity/Cyber security policy, Compliance handling policy and other important company policies.

The Policy contents follow the rules regarding the Brokerage Company, President of the National Bank of Georgia Order №145 /04 July 5, 2018 and the code of Conduct law, President of the National Bank of Georgia Order №13 / 04 February 2, 2021 and Law of Georgia on securities market 04 August 2021, President of the National Bank of Georgia, Order №180 / 04 October 7, 2020.

2. PURPOSE

This Policy enables the Brokerage Company identify and summarise conflicts of interests which the firm may experience as an organisation and how it can address the challenges that such conflicts create. This Policy will outline the relevant procedures and systems and to ensure compliance to these rules by constant monitoring and maintenance.

While this document bases its reliance on the NBG Directives, the purpose of this document is to set an internal guidance in harmony with the proposals of the regulator.

The Brokerage Company takes all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of the Brokerage Company and its Clients. In addition, the Brokerage Company will comply with the following principles:

- The Brokerage Company should conduct its business with integrity;
- The Brokerage Company should take reasonable care to organise and control our affairs responsibly and effectively.
- The Brokerage Company should pay due regard to the interests of its customers and treat them fairly.

- The Brokerage Company should manage conflicts of interest fairly, both between the Brokerage Company and its customers, and between one customer and another client.

Furthermore, the Brokerage Company will be the following **four-tier** approach:

- a. Identification of conflicts of interest;
- b. Management and mitigation of conflicts of interest;
- c. Disclosure; and
- d. Recording Conflicts of interest.

3. CONFLICTS OF INTEREST

a. Identification

Conflicts of Interest appear in situations where the Brokerage Company:

- a) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- b) 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 client's interest in that outcome;
- c) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- d) carries on the same business as the client; or
- e) 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.

The Brokerage Company has appropriate internal procedures in place aimed at identifying conflicts of interest between:

- a) The Brokerage Company or any relevant person [including managers, employees, service providers, independent contractors, temporary workers directly or indirectly linked to the company] **and** clients of the company;

- b) one client and another, which arises in the course of providing any investment and ancillary services;
- c) the shareholders **and** the Company;
- d) The Brokerage Company **and** other entities in the same economic group;
- e) any combination of the above possible scenarios and which may arise in the course of providing brokerage and ancillary services or a combination thereof and whose existence may damage the interests of the relationship between any of the above mentioned parties.

Relevant Persons

A Relevant Person shall mean any:

- i. Director, Manager or their equivalent within the Brokerage Company or another entity towards which the Brokerage Company has outsourced its activity;
- ii. Employee of the Brokerage Company, as well as any natural or legal person whose services are provided under the supervision of the Brokerage Company and consists in the delivery of services;
- iii. Natural or legal person whose services are provided to the Brokerage Company, by means of an outsourcing agreement, and consists in the delivery of investment services.

Given the core function of the Brokerage Company is the provision of Brokerage and portfolio management services, the potential conflicts of interest may arise in a variety of situations, however areas of concern include, but not limited to:

- i. the provision of brokerage services;
- ii. the provision of investment research;
- iii. portfolio management;
- iv. personal account dealing;
- v. ownership interest

- **Types of Conflicts of interest:**

There are two types of conflicts of interest, those that persist and need to be managed permanently and those conflicts of interest that occur unexpectedly with regard to a single event (e.g. a transaction, the selection of

service provider, etc.) and can usually be managed with a one-off measure. In all circumstances, the interest of the Brokerage Company will be central to the decisions taken.

Below are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to investment services provided by the company, including:

- a) The Brokerage Company may engage in business and trading activities for its own account and/or Client accounts whilst other Clients are active in relevant markets at the same time;
- b) The Brokerage Company may provide investment advice or discretionary portfolio management services to its Clients and The Brokerage Company may also recommend or sell products issued by itself or affiliated companies;
- c) The Brokerage Company or Relevant Person receives or provides substantial gifts or entertainment (including non-monetary inducements) that may influence behaviour in a way that conflicts with the interests of the Clients of the Company;
- d) A situation whereby the Brokerage Company is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- e) The Brokerage Company 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 client's interest in that outcome;
- f) The Brokerage Company has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- g) The Brokerage Company carries on the same business as the client.

The Brokerage Company has a compliance officer in order to ensure zero tolerance for conflict-of-interest violations, adequate resources, full independence from staff including management.

b. Conflict Management And Mitigation

This is to assist in the identification and management of potential conflicts that might occur. In order for the Brokerage Company to be in a position to identify potential conflicts, material transactions involving clients, employees, outsourced service providers, independent contractors, temporary workers and other staff and all its subsidiaries or the Brokerage Company are logged internally and analysed against existing company relationships and transactions.

Any potential conflicts of interest or actual conflicts of interest identified should be reported to the compliance officer in order that the compliance officer may keep a record of such conflict in accordance with this Policy.

The Brokerage Company identifies the conflict of interests listed in **Appendix II** along with the method of dealing with the conflict and a conflict of interest form listed in **Appendix III** when a potential conflict is identified.

The Brokerage Company identifies the following procedures and measures preventing or managing conflicts of interest which include:

- a) **Reporting Lines:** The Brokerage Company has clear reporting lines. An organisation chart is maintained by the compliance officer and updated from time to time as may be required in line with the operational set up of the Company;
- b) **Separate Supervision:** The Brokerage Company shall also prevent or control any person or department from influencing another relevant person in the performance of their duties. The Brokerage Company has established clear segregated functions in order that there is no inappropriate influence over the way in which a relevant person carries out the services for which he has been appointed or engaged. In the event that any relevant person feels that inappropriate influence is being exerted on him/her, the relevant person shall inform the internal Compliance officer without undue delay.
- c) **Segregation of functions:** The Brokerage Company has appropriately segregated duties and functions, all acting independently of one another, so as to avoid conflicts of interest where possible. The Brokerage Company ensures that, in general, no single individual has unrestricted authority to do **all** of the following:
 - i. initiate a transaction;
 - ii. bind the firm;
 - iii. make payments; and
 - iv. Account for it.
- d) **Independent decisions:** In the course of any decision-related activities, a director shall disclose any conflicts in any matters, as the case may be. Following such disclosure, and prior to any discussion in

relation to such matter such person shall not be involved in the discussion or any decision relating to the matter.

- e) **Information Barriers:** The Brokerage 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 the Brokerage Company.

c. Disclosing and Recording a Conflict of Interest

If arrangements made by The Brokerage Company to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, the Brokerage Company will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client. Disclosure of a material interest or conflict of interest to a customer must be made in writing.

For certain financial instruments, the relevant persons must provide, at a reasonably sufficient time before trading in the Financial Instrument, disclosures to counterparties regarding any material incentives and conflicts of interest present in connection with the said financial instrument.

In addition to disclosures regarding material incentives and conflicts of interest, other disclosures must also be made at a reasonably sufficient time before entering into the financial instrument transaction, including the material risks of the instrument, material contract characteristics, and economic terms of the instrument.

d. Recording a Conflict of Interest

Where, despite all measures adopted to identify and manage Conflicts of interest, a Relevant Person is in a Conflict of Interest that may damage the interest of clients or those of the Brokerage Company, such relevant persons has to inform his/her manager and the Compliance Officer, who will decide together about the action to be taken in order to protect the clients’ interests.

In those circumstances where actions decided cannot appropriately remediate the Conflict of Interest, the compliance officer will document the conflict, add the conflict to the Conflicts of interest Register and inform in writing the Relevant Person.

i. Conflict of Interest Form & Register

The Brokerage Company keeps and regularly updates a record of the types of regulated business activities carried out by or on behalf of the Brokerage Company, in which Conflicts 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 Regulated Business service or activity, may arise. The information contained within the register facilitates the effective identification and management of any potential Conflicts of interest. A copy of this register and a conflicts of interest form is found in **Appendix V** and **Appendix III** of this policy.

All staff have the duty to promptly disclose internally any matter/s that may result, or has already resulted, in a conflict of interest. Senior Management should be notified immediately once staff are/is aware of any future or current conflicts. If a conflict of interest of staff is identified, the Brokerage Company will document the decision taken, in particular if the conflict of interest and the related risks have been accepted, and if it has been accepted, how this conflict of interest has been satisfactorily mitigated or remedied.

4. DECLINING TO ACT

If the Brokerage Company determines that it is unable to manage a conflict of interest using one of the methods described above, the Brokerage Company will decline to act on behalf of the customer concerned client and by consequence eventually terminate the professional relationship with the client. It is the responsibility of Director, possibly after consultation of the compliance officer, to decide to maintain or put an end to such a situation.

5. GIFTS AND INDUCEMENTS

Clients, for a variety of reasons, may offer gifts to employees such as annual celebrations or to commemorate the completion of a large and/or complicated transaction. Often, it would be considered impolite to refuse. Care must be taken to ensure that such gifts cannot be construed as an inducement to provide a service more favourably to that client ahead of another.

Staff are prohibited from accepting gifts in excess of the limits of USD 50 or equivalent on an annual basis unless they declare them to the compliance officer of The Brokerage Company and registered as per **Appendix IV**.

6. PERSONAL TRANSACTIONS

The Brokerage Company recognises the interest of employees in conducting dealings for their personal accounts while also noting the inherent risks posed by personal account dealings including trading based on inside information and apparent conflict of interest. Therefore this policy will act as a guideline to prevent conflicts of interest between the company's clients and staff and to assist the Brokerage Company in detecting trading malpractice by the staff. Accordingly, personal account dealings will be permitted only where it is conducted in accordance with the rules & procedures set in this policy.

Failure to comply exposes the employees to the risk of contravening legislation, market abuse and insider trading which could result in disciplinary action by the regulatory body (such as sanctions & criminal/civil prosecution of the employee).

All employees will be provided with a declaration form **Appendix VI**. Those employees who do not conduct personal dealings shall hand it back as NIL whilst those employees who do personal dealings will be asked to disclose existing accounts.

Personal dealings

The meaning of personal dealings shall be extended to include:

- a) dealing for their own account,

- b) dealing in the account of a connected person (i.e. the employee controls, materially influences and/or has sole discretion to operate the account),
- c) dealing conducted by family members and any close persons.

Rules and procedures

The following rules have been drawn up with regards to personal dealings:

- Trading during working/business hours is strictly **PROHIBITED**. The Brokerage Company operates in the client's best interest and personal trading during such hours may jeopardise the client's benefits.
- Trading during other hours (after work and on weekends) is allowed as long as the employee has filled in the declaration.
- The reputation of the Brokerage Company must not be put at risk in any investment transaction
- The employee is strictly prohibited to communicate any information or opinion based on information obtained from the Brokerage Company to any other person.
- The employee is prohibited to use sensitive information obtained from the place of work in order to benefit in their personal account.
- The employee is not allowed to provide investment advice to another person unless done so during the course of employment within the firm.
- Employees must not deal in any affected security at a time or in a manner which the employee knows, or could reasonably be expected to know, may have a direct adverse effect on the particular interests of clients of company.

Written Authorisation

The Brokerage Company maintains adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or to other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by him on behalf of the client:

- a) entering into a personal transaction which fulfils at least one of the following criteria:
 - i. that person is prohibited from entering into that personal transaction;

- ii. it involves the misuse or improper disclosure of confidential information;
 - iii. it conflicts or is likely to conflict with an obligation of the Brokerage Company under the Act, the regulations issued thereunder and any applicable Investment Services Rules;
- b) advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by the Investment Services Rules or would otherwise constitute a misuse of information relating to pending orders (where certain activities are performed by third parties, the Brokerage Company ensures that the entity performing the activity maintains a record of personal transactions entered into by any relevant person and provides that information to the Brokerage Company promptly on request)
- c) disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
- i. to enter into a transaction in financial instruments which, where a personal transaction of the relevant person would be covered by the Investment Services Rules or would otherwise constitute a misuse of information relating to pending orders;
 - ii. to advise or procure another person to enter into such a transaction.

The Brokerage Company must be informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the Brokerage Company to identify such transactions.

7. CONFIDENTIAL INFORMATION

The Broker Company must not make unauthorised disclosures of confidential information or use it for purposes other than those for which it was disclosed except as required by law. Requirements imposed by a confidentiality agreement or undertaking with a third party imposed by law, or specified in the Brokerage Company's policies, procedures or rules must be followed. Where confidential information is to be provided to another party, the Brokerage Company must ensure that measures are in place to maintain the confidentiality of that information, such as a legally binding confidentiality agreement.

8. DATA RETENTION AND RECORD KEEPING

All conflicts will be recorded and registered in the company's conflicts register found in **Appendix V**. All identified and reported conflicts will be maintained for at least 5 years in the company's records.

9. REPORT OF BREACHES

In accordance to Regulation, the Brokerage Company ensures for staff to report potential or actual breaches through a specific, independent and autonomous channel. It should be necessary for reporting staff to have a certain level of certainty to report a breach in full confidence, which should then trigger an investigation.

In order to safeguard the confidentiality of the reporting person staff would be able to report their breaches outside regular reporting lines who, in this case, will be the Compliance Officer.

The Brokerage Company must ensure effective and reliable mechanisms to enable its staff to report to competent authorities relevant potential or actual breaches via an appointed person whose function does not raise fear or doubt of collusion. Therefore, all the information at the time will be sent exclusively by email to the Compliance Officer in writing who will then acknowledge receipt of the correspondence to begin any corresponding action accordingly. The Staff should include the report:

1. Quoting the policy/procedure that was violated;
2. How the violation took place;
3. The person or persons involved;

4. The situation or situations if this violation was repeated more than once with timelines of possible occurrence.

The Compliance officer should ensure that while confidentiality is retained, reporting to the respective authority in the organised should be unhindered.