



## **CONFLICTS OF INTEREST POLICY**

**Last Updated on: 03 September 2024**

## **1. Introduction**

During its business, ZERO Markets (NZ) Limited (the “Company”) has relationships with a large and diversified number of individuals and institutions. Some of these may be individual clients, corporate clients, vendors, representatives and regulatory bodies. Conflicts of interest may arise or be present in these relationships. It is important that such conflicts be identified, the risks be monitored and resolved to ensure that the Company operates in a manner that is ethical, fair to clients and relationships and in compliance with regulations.

## **2. Purpose**

This Policy puts together a framework for the identification, control, management, communication and training of staff and the inculcation of a strong culture of awareness with regards to conflicts of interest. It also describes the responsibilities of Senior Management and all employees.

## **3. Applicability**

This policy applies to all employees.

## **4. Identification**

There are many types of conflicts of interest. It may arise in many circumstances and in many relationships. Usually the two parties involved have competing interest and duty of care and trust. Examples of conflicts that may arise out of a relationship are:

- a. Employee and client
- b. Employee and Company
- c. Different units of Company
- d. Company and client

The types of conflicts include:

- a. Employee may make a gain or enjoy an advantage at the expense of the client.
- b. Employee enjoys the benefits of the sale of a product to the client which may not be in the best of client interest or unsuitable to client.
- c. Employee benefiting financially or otherwise in the granting of business to a vendor or any person or institution providing a service to the Company.
- d. Employees having an interest in an activity or a relationship with a party providing a service to the Company which may negatively affect his/her conduct in relationship to objectivity and fairness.
- e. Conflicts between different units of the Company

- f. Company may have a different and conflicting interest in the outcome of its trade or activity with a client.
- g. The investment objective of one client may be different from another

Examples of the above type of conflicts are:

- a. Employee engages in encouraging clients to trade excessively without giving regard to client personal financial circumstances or investment objectives.
- b. Employee inducing clients to trade in products which clients may not be sufficiently familiar in or aware of risks.
- c. Employee granting contracts or service arrangements to vendors and gaining a personal advantage or benefit from the vendor.
- d. Employee favouring a specific vendor when there is a relationship between the employee and the vendor or employee or representative of the vendor.
- e. The desired outcome of the Company's activities may be different for different units of the Company and these may be in conflict.
- f. At times, the Company and the client may have different and conflicting objectives and desired outcomes in their relationship with each other.

## **5. Control**

### **5.1. Rules**

Senior Management is responsible for the oversight of the conflicts of interest regime in the Company and has implemented the below procedures with regards to this oversight.

- a. Employees, spouses and partners and persons dependent on the employee are not allowed to trade in products or derivatives of the products offered by Company. New employees with such trading accounts shall immediately close such accounts and evidence of closure given to the Company.
- b. Proprietary trading undertaken by the Company shall be segregated from price quotation to clients as a business unit. This is achieved by automated price quotation without dealer intervention. This ensures there is no manipulation of prices and that no dealer or the Company can act against the client's interest or act in a manner which is in conflict to the client's interest. The client obtains a price that is representative of the market from the open market. In addition, research and client service shall be independent of the proprietary dealing unit. The reporting line, staff involved and performance measurement and reward of the proprietary dealing unit shall be separate from all other units of the Company to avoid any conflict of interest. Access to client details is on a strict "Need to Know" basis.

There shall be a wall between the proprietary trading unit, the client services unit and the research unit.

- c. All price quotation and order execution shall be automated. There shall be no dealer intervention. This ensures that price quotation and client orders are executed in a fair, prompt, fast and transparent manner and in accordance with prevailing market conditions. This also ensures that preferential treatment is not given to any client. All orders must be recorded. Clients may request for a review of their execution or non-execution of orders in the event of a dispute. This will be covered under the Company's Complaints Policy.
- d. Employees shall not give personalised advice. Any advice given must be general advice.
- e. Research reports distributed by the Company must be independent of and not be under the influence of any specific unit of the Company. No person shall place any inappropriate pressure or influence on any research staff.
- f. Clients must be assessed to have sufficient knowledge of the product and the risks involved in trading a product offered by Company prior to trading the product.
- g. Employees are forbidden to accept any gifts, or inducements from any source which may conflict with the employee or the Company's duty of care to clients or the Company unless they are reasonable, proportionate and for a legitimate purpose. All gifts if accepted are the property of the Company and not the employee and must be registered in the Gifts/Entertainment Register (Appendix 4)
- h. Employees with any material interest in a vendor or any person or institution which has a relationship with the Company must declare the relationship to the Company and be recused from any decision that may be taken with respect to the relationship. Declaration is to be made in the Conflicts of Interest Register (Appendix 1)
- i. All advertisements or promotional materials must be approved by the Compliance Manager who will ensure that there is no false or misleading representation to clients and the all required disclosures are included.
- j. Segregation of duties and segregated supervision oversight must be carried out on staff whose responsibilities include providing a service to clients and from whom conflicts of interest may arise.

## 5.2. Registers

All conflicts of interest must be registered in the Conflicts of Interest Register (Appendix 1). All breaches must be recorded in the Breaches of Conflicts of Interest Register (Appendix 2). All gifts and entertainment must be applied for and approved using the Gifts/Entertainment Form (Appendix 3).

### 5.3. Management of Conflict

All employees must immediately notify their immediate superior or the Compliance Manager of the existence of any conflicts of interest. The conflicts may or may not be related to the employee.

The immediate superior or Compliance Manager or person in receipt of the information shall immediately inform the Compliance Manager or Senior Management. Senior Management shall as soon as possible meet to discuss and implement actions appropriate to the conflict. Timely notification and action are essential in controlling conflicts and in limiting any adverse consequences that may occur.

## 6. Communication

This policy shall be given to all employees of the Company. Employees are encouraged to inform the Company of any conflicts, perceived conflicts and also situations in which they are not certain. Management shall be welcoming of the information and encourage employees to adopt a good culture of awareness and compliance and communication with regards to conflicts of interest.

## 7. Training

Employees must be made aware of conflicts of interest best practice at all times. Where practical, training must be provided to employees. Cases of breaches in the industry or elsewhere reported in the public domain can be informed to employees to raise awareness

## 8. Responsibilities

### 8.1. Responsibilities of Senior Management

Senior Management is responsible for setting the policy and management of conflicts. They are required to:

- a. Promote a strong culture of compliance with regards to the fair and ethical treatment of clients, the Company and all counterparts.
- b. Encourage awareness of and promote training of staff with regards to matters of conflicts of interest.
- c. Have a good understanding of what conflicts are and adopt decisions and implement policies that prevent such occurrences or reduce the risks of occurrences.
- d. Sponsor and take ownership of the Company's systems and policies with regards to conflicts of interest.

- e. Achieve and maintain a good understanding of the business and the Company's operations in order to identify conflicts and set appropriate policies.
- f. Regularly review the effectiveness of the Company's conflict of interest policy and make improvements when needed and communicate to Employees any changes.

## 8.2. Responsibilities of all employees

It is the responsibility of all employees to identify and report all conflicts. The Company requires that all employees:

- a. Comply with the Company's policies.
- b. Prevent or avoid situations which may give rise to conflicts of interest.
- c. Behave in an ethical manner and with objectivity at all times.
- d. Not to place themselves in a situation which may exert pressure on their independence and objectivity.
- e. Escalate discoveries, suspicions or doubts to their immediate superior or Compliance Manager as soon as possible.
- f. Adopt a pro-active attitude in seeking to identify areas where conflicts may exist.





**Appendix 3**

**Gifts/Entertainment Form**

Date of application	
Type of Entertainment/Gift Please ✓	<input type="radio"/> Gift <input type="radio"/> Entertainment
Place of Entertainment	
Value of Entertainment	State estimate if precise amount is not available.
Applied by	Name:  Signature
Approved by:	Name:  Signature
Date of Approval	





Should you have any questions or enquiries, please don't hesitate to

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