

# **KANAK CAPITAL MARKETS CONFLICT OF INTEREST POLICY**

**Latest updated in January 2025**

\*Kanak Capital Markets does not offer financial advice, and we always recommend you seek independent financial advice before making any investment decision. Please read this document carefully so you understand fully the implications of any financial decisions.

## **DISCLAIMER**

The information provided in this Conflict-of-Interest Policy (hereinafter referred to as the “Policy”) is for internal use by Kanak Capital Markets and its associated personnel, as well as for client transparency. The policy outlines how Kanak Capital Markets identifies, manages, and mitigates conflicts of interest to ensure that the interests of the Company, its clients, and all relevant parties are protected in an ethical and compliant manner.

While every effort is made to manage and resolve conflicts of interest in a manner that protects all stakeholders, Kanak Capital Markets is not liable for any adverse outcomes resulting from a conflict that has been disclosed, managed, or mitigated to the best of the Company’s abilities. Clients are advised to review this policy carefully and consult with independent legal, financial, or regulatory advisors if necessary, before proceeding with any investment or business relationship with the Company.

By continuing to use the services of Kanak Capital Markets, clients acknowledge and accept the terms of this policy, including any potential conflicts of interest that may arise in the normal course of business, and consent to the Company’s ongoing efforts to resolve and disclose such conflicts.

**IMPORTANT NOTE:** This policy is subject to periodic review and amendment. Clients are encouraged to regularly review the policy to stay informed of the Company’s conflict management procedures.

## **1. INTRODUCTION**

Kanak Capital Markets (hereinafter referred to as the “Company”) is dedicated to maintaining the highest standards of integrity and professionalism while managing and mitigating any conflicts of interest that could arise in the course of our business activities. Our commitment to ethical conduct, compliance, and transparency ensures that we meet the expectations of both regulators and clients while protecting the Company’s business interests.

This policy outlines how the Company identifies, prevents, and manages potential conflicts of interest, with a primary focus on safeguarding the Company’s operations, reputation, and legal standing.

## **2. DEFINITION OF CONFLICT OF INTEREST**

A conflict of interest arises when the Company or any of its employees, directors, agents, or associates (“relevant persons”) have competing personal, professional, or financial interests that could compromise their ability to act in the best interests of

clients. This may lead to situations where an individual or entity has an incentive to prioritize their own interests or the interests of another party over the interests of our clients.

### 3. OBJECTIVES OF THE POLICY

The Company has implemented this policy to achieve the following objectives:

- a) **Protect the interests of Kanak Capital Markets**, including its employees, operations, business relationships, and reputation.
- b) **Identify, prevent, and manage conflicts of interest** that could negatively affect the Company or lead to legal or regulatory issues.
- c) **Ensure compliance** with applicable laws and regulations while maintaining transparency and fair dealings with clients.
- d) **Maintain the highest ethical standards** in all business transactions and relationships, protecting both the Company's and clients' interests.

### 4. SCOPE OF THE POLICY

This policy applies to all employees, directors, officers, consultants, and any other person acting on behalf of Kanak Capital Markets. It governs conflicts that may arise between:

- a) The Company and its clients.
- b) Relevant persons and clients.
- c) Two or more clients of the Company.
- d) Third-party service providers and clients.

The policy applies to all types of products and services provided by the Company, including but not limited to investment services, advisory services, and ancillary services, and covers both internal and external conflicts of interest.

### 5. IDENTIFICATION OF CONFLICTS OF INTEREST

Company will proactively identify conflicts of interest by considering the following situations:

- a) **Financial Gain or Loss:** The Company or a relevant person stands to make a financial gain or avoid a loss at the expense of the client.
- b) **Divergent Interests:** The Company or a relevant person has a personal or financial interest in the outcome of a transaction or service that conflicts with the client's best interests.
- c) **Competing Business Interests:** The Company or a relevant person is involved in a business that competes with a client's interests.

- d) **Inducements:** The Company or a relevant person receives or expects to receive incentives, gifts, or other benefits from third parties that may influence the objectivity of services provided to clients.
- e) **Proprietary Trading:** Employees or directors engage in proprietary trading that conflicts with client orders, or personal accounts are used in ways that could harm client interests.

## 6. CONFLICT MANAGEMENT PROCEDURES

### I. General Procedures to Manage Conflicts of Interest

To maintain the required level of independence and prevent conflicts of interest, the Company follows the procedures outlined below:

- a) **Information Barriers:** The Company has implemented effective procedures to prevent or control the exchange of information between employees or parties involved in activities that could create a conflict of interest. This includes preventing the exchange of information that could harm the interests of any client.
- b) **Separate Supervision:** Relevant persons involved in activities that may result in a conflict of interest (such as those providing services to competing clients or representing different interests) will be subject to separate supervision. This ensures impartial decision-making and service provision.
- c) **Independent Remuneration Structures:** To eliminate any direct link between the remuneration of employees involved in different activities, the Company ensures that the compensation of employees engaged in one activity is not tied to the revenues or remuneration generated by employees involved in conflicting activities.
- d) **Prevention of Undue Influence:** Measures are in place to prevent any person from exerting undue influence over the way a relevant person performs their duties, particularly in relation to investment or ancillary services or activities, to avoid conflicts of interest.
- e) **Management of Concurrent Involvement:** To avoid potential conflicts arising from concurrent or sequential involvement in separate services or activities, the Company has procedures to prevent or control such situations.

### II. Specific Procedures and Measures

The following specific procedures are already established to further control and mitigate conflicts of interest:

- a) **Compliance with Regulations and Code of Ethics:** All Company employees are required to follow applicable laws, regulations, directives from competent authorities, and the Company's Code of Ethics.
- b) **Separation of Duties:** Duties that may result in conflicts of interest if performed by the same person are separated to prevent such conflicts from arising.

- c) **Gifts and Inducements Log:** A log is maintained to record any solicitation, offer, or receipt of gifts or benefits that may influence business decisions or create potential conflicts.
- d) **Employee Trading Restrictions:** Company employees are prohibited from trading for their own account on the Company's platform or any other platform without prior approval from management. Employee accounts must be clearly labelled as such.
- e) **Reporting Potential Conflicts:** Employees must report any potential conflicts of interest related to a proposed transaction to their supervisor and disclose any special relationship with related parties that could influence their decision-making.
- f) **Consideration of Commission Rates and Market Impact:** Employees must carefully consider commission rates and ensure the ability to remain anonymous in order to minimize market impact while making decisions.
- g) **Non-public Information:** Employees must not trade on material non-public information. If an employee is in possession of such information, they must report it to their supervisor or the compliance officer. The financial instrument will then be placed on the restricted or watch list.
- h) **Compliance Violations:** The Compliance Officer is responsible for documenting and responding promptly to any compliance violations. The Compliance Officer has the authority to take appropriate disciplinary action independently of management. If the Compliance Officer is unable to resolve a violation, they should escalate the issue to senior management, the Board of Directors, or outside counsel as necessary. Violations and other issues related to conflicts of interest procedures will be regularly reported to the Board of Directors or the relevant supervisor.
- i) **Physical and Information Barriers:** The Company has implemented physical separation of departments where necessary and established information barriers to prevent the improper communication of sensitive or material information.
- j) **Electronic Data Access:** Access to material information is restricted to only those employees who require such access to perform their duties, ensuring that confidential information is handled responsibly.

## 7. DISCLOSURE OF CONFLICTS OF INTEREST

If a conflict of interest cannot be adequately prevented or managed, the Company will disclose the conflict to the client before engaging in any transactions or services that may be impacted.

The disclosure will include:

- a) The nature and source of the conflict.
- b) The steps the Company has taken to mitigate the conflict.

- c) The potential impact on the client's interests.
- d) Clients will be given the option to proceed or decline services with full knowledge of the conflict.

Clients will have the opportunity to decide whether to proceed with the transaction after being fully informed of the conflict.

## **8. RECORDING OF CONFLICTS OF INTEREST**

The Company will maintain a detailed and updated record of any situations where a conflict of interest has arisen or may arise. This record will be regularly reviewed by the Compliance Department and made available to regulatory authorities as required.

## **9. CONSEQUENCES OF VIOLATING THE POLICY**

Failure to comply with this policy may result in disciplinary action, including but not limited to warnings, suspension or termination of employment. The Company will take all necessary steps to prevent violations, and any potential violations will be addressed promptly by the Compliance Department.

## **10. STAFF UNDERSTANDING**

This policy is made available to all of our employees in order to highlight and emphasize the importance of identifying and managing conflicts of interest.

## **11. ACT OF DECLINE**

Company may decline to represent a client if the Company believes that a conflict of interest cannot be managed in any other way.

## **12. REVIEW AND AMENDMENTS TO THE POLICY**

The Company's policy is reviewed on a regular and at least annual basis. However, the Company reserves the right to review or amend, or both its Policy and arrangements whenever it deems it appropriate and without notice to the Client

## **13. CONTACT INFORMATION**

For any questions or concerns regarding this Conflict of Interest Policy, please contact our Compliance Department at [support@kanakmarkets.com](mailto:support@kanakmarkets.com).