

Conflicts of Interest Policy

Company: DIFX Pty Ltd
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Introduction

DIFX Pty Ltd (“We”, “Us”, “Our”, “DIFX”, the “Company”) is authorised and registered with the Australian Transaction Reports and Analysis Centre (AUSTRAC).

Purpose

The purpose of this Conflicts of Interest Policy (“Policy”) is to establish a clear framework for identifying, managing, and, where necessary, disclosing conflicts of interest that may arise in the course of DIFX business operations. This Policy is designed to ensure the fair treatment of clients and the integrity of the Company’s investment services.

Scope

This Policy applies to DIFX, its managers, employees, and any person directly or indirectly linked to the Company through control or association. It governs the Company’s obligations to identify and manage conflicts of interest that may arise:

- Between the Company and its clients;
- Between the Company’s employees and clients;
- Between one client and another.

The purpose of this Policy is to outline a suitable approach and response to the identification and management of conflicts of interest. DIFX will take all reasonable steps to identify conflicts of interest between itself, including its managers, employees, or any person directly or indirectly linked to the Company by control and its clients or between one client and another that arise in the course of providing any investment services, or combinations thereof.

The Company maintains and operates effective organisational and administrative arrangements to prevent and manage conflicts of interest that may arise during the provision of any investment services, from adversely affecting the interests of its clients. In cases where the aforementioned arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the clients will be prevented, the Company shall clearly proceed with the disclosure of such conflict. The said disclosure shall be done in a durable medium indicating the general nature and source of conflicts of interest, the risks to the client with sufficient details so as to allow the client to take an informed decision with the regards to its investment as well as the steps taken to mitigate such risks.

The Company has the right to amend the current Policy at its discretion and at any time it considers is suitable and appropriate. The Company shall review and amend the current policy at least on an annual basis to take account of changes to operations or practices and, further, to make sure it remains appropriate to any changes in law, technology and the general business environment.

IDENTIFICATION OF POTENTIAL CONFLICTS OF INTEREST

To effectively manage conflicts of interest, the Company must identify all relevant conflicts in a timely manner. DIFX shall implement appropriate mechanisms to ensure comprehensive identification of such conflicts across its operations.

The Company will assess the nature and severity of identified conflicts and document appropriate controls to mitigate them. While it is not possible to anticipate every scenario that may constitute a conflict of interest, each case will be assessed on its specific facts and circumstances to determine whether a potential conflict exists.

All employees, including members of management, share responsibility for recognising and reporting actual or potential conflicts of interest. Any such conflicts must be reported promptly to the Compliance function. The Compliance Officer (CO) will evaluate the significance and implications of the conflict and determine, in consultation with the Board where appropriate, how the conflict should be addressed.

In identifying the types of conflicts of interest that may arise during the provision of investment services or related activities—and that may pose a risk to client interests—the Company considers, at a minimum, whether the Company, a relevant person, or a person directly or indirectly linked by control to the Company is in any of the following situations:

- The Company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- The Company or a relevant person has an interest in the outcome of a service provided to the client, or of a transaction carried out on the client's behalf, which is distinct from the client's own interest;
- The Company or a relevant person has an incentive to favour the interests of another client or group of clients over those of the client;
- The Company or a relevant person conducts the same business as the client;
- The Company or a relevant person receives, or will receive, an inducement from a third party in relation to a service provided to the client—such as money, goods, or services—other than the standard commission or fee normally applicable for that service.

For the purposes of this Policy, a “relevant person” includes any of the following:

- A director, partner, equivalent officer, manager, or tied agent of the Company;
- A director, partner, or manager of any tied agent of the Company;
- Any employee of the Company or its tied agents, or any individual whose services are placed at the Company’s disposal and under its control, and who is involved in the provision of investment services or activities;
- Any natural person directly engaged by the Company or a tied agent under an outsourcing arrangement, where such services relate to the provision of investment services or activities.

MANAGING CONFLICTS OF INTEREST

The Company has established robust and appropriate internal procedures to minimise potential conflicts of interest. A dedicated and independent Compliance Department is in place, led by the Compliance Officer (CO), who is responsible for monitoring adherence to internal policies and procedures and for identifying and managing conflicts of interest.

Once a conflict is identified, it must be properly assessed and managed. The Compliance function will evaluate whether the conflict is actual or perceived, its materiality, and the potential reputational risk. Based on this assessment, Compliance will determine whether the transaction may proceed or should be declined due to the severity of the conflict. Where a conflict is deemed manageable, appropriate controls will be implemented and documented.

The Company is committed to managing conflicts of interest fairly:

- Between the Company and its clients;
- Between the Company and its employees; and
- Among its clients.

Internal affairs will be managed in a responsible and effective manner to support this commitment.

The Company and its employees must adhere to the principle of prioritizing client interests over personal or corporate interests. To support this standard and ensure fair client treatment, the Company has implemented the following procedures:

- Conflicts with clients must be avoided. Where a conflict is unavoidable, the client must be treated fairly through full disclosure or by declining to act.
- Employees must not maintain accounts with other brokers without prior written approval from the Company. They must also authorise the Company to directly obtain transaction reports from such brokers.
- Where a material interest or conflict exists in a client transaction, the Company must not provide advice or act on a discretionary basis unless full disclosure has been made and the client has taken reasonable steps to mitigate the impact of the conflict.
- Clear operational separation is maintained between departments to mitigate internal conflicts of interest.
- Employees must promptly notify the Company of any personal transactions. In outsourcing arrangements, the third party must keep records of personal transactions and provide them upon request.
- Replacement of personnel is subject to the prior consent of the CO and approval of the Representative Officer, following a conflict of interest review.
- Access to sensitive information is restricted by the Company's software systems to prevent misuse.
- Employees are prohibited from trading on non-public or confidential information.
- Personal transactions by employees must be executed by another designated staff member and not by the individual themselves.
- The Company maintains records of all personal transactions, including any authorisations or restrictions applied.
- Employees and agents must not solicit, offer, or accept inducements that could create conflicts with duties owed to clients.
- Employees must not knowingly or recklessly make misleading, false, or deceptive statements or conceal material information from clients.

Policies and procedures to manage conflicts of interest include:

- Measures to prevent inappropriate influence over relevant persons involved in investment services or activities;
- Separate supervision for employees managing potentially conflicting interests, including those of the Company and its clients;
- Restrictions on simultaneous or sequential involvement of relevant persons in conflicting roles;

- Remuneration structures that avoid conflicts between staff engaged in different business areas;
- Controls on information exchange between departments where such exchange may disadvantage clients;
- Independence measures such as:
 - Prohibition on trading while in possession of inside information;
 - Prohibition on recommending trades based on such information;
 - Restrictions on trading in proprietary or client accounts while holding confidential trade information;
- Regular reviews of execution arrangements and counterparty performance;
- Controls over electronic data access;
- Restrictions on sharing unpublished research with staff or external parties lacking a legitimate business need;
- Ongoing monitoring to ensure compliance with policies and internal controls;
- CO approval of all marketing communications to ensure proper disclosures;
- Implementation of the four-eye principle to prevent abuse of authority;
- Personal account dealing restrictions for relevant persons.

DIFX is committed to fostering a strong compliance culture that enables effective identification and management of new conflicts of interest as they arise. Employees are expected to remain vigilant and implement appropriate mitigation measures where necessary.

For the purpose of this Policy, a "personal transaction" refers to a trade in a financial instrument executed by or on behalf of a relevant person, where one or more of the following apply:

- The relevant person is acting outside the scope of their professional duties;
- The transaction is for the account of:
 - The relevant person;
 - A person with whom they have a family relationship or close links;
 - Any person in whose transaction outcome the relevant person has a direct or indirect material interest (excluding standard fees or commissions).

SEGREGATION OF COMPANY'S ASSETS FROM CLIENTS' ASSETS

The Company is committed to ensuring the safeguarding of client assets through the proper segregation of its own assets from those of its clients. To this end:

- The Company maintains separate accounting records for its assets and those of its clients. This separation facilitates the effective protection of client funds and prevents any misuse of client assets by the Company or any third party.
- This practice is designed to minimise risks such as:
 - Misuse of assets,
 - Fraud,
 - Negligent administration,
 - Inadequate record-keeping, and
 - Operational errors.
- In the event of Company insolvency, client assets are legally protected and segregated from the Company's estate. This ensures that clients maintain legal rights and full ownership over their assets without being subject to claims by the Company's creditors.
- To support this protection, the Company maintains individually detailed books and accounting records for each client.

FORBIDDEN BUSINESS PRACTICES

The Company strictly prohibits business practices that, in the normal course of operations, may give rise to actual or perceived conflicts of interest. The following practices are explicitly forbidden:

- **Price Manipulation:** Providing investment services to clients with the intention of influencing the price of financial instruments for the benefit of the Company, its relevant persons, or other clients—particularly where the Company or its employees intend to carry out related transactions before or after the service.
- **Misuse of Client Transaction Information:** Using information obtained in relation to client transactions for the benefit of the Company or disclosing such information to any third party.
- **Pre-Publication Dealing:** Engaging in transactions in financial instruments by the Company or its employees prior to the publication of internal analysis reports or research findings related to those instruments.

- **Preferential Treatment:** Favours relevant persons over clients during the course of delivering investment services, resulting in unfair disadvantage to any client.
- **Insider Dealing:** Executing personal transactions or transactions on behalf of related persons using confidential or non-public information acquired in the course of employment at the Company.
- The use by the Company or by its relevant persons of information regarding client transactions, for the benefit of the Company, and the disclosure of such information to third parties.
- Dealing by the Company itself or by any relevant persons in financial instruments in respect of which the Company has drawn analysis reports or has made research findings prior to the publication of the respective reports and findings.
- The preferential treatment of relevant persons to the detriment of its clients in the course of the provision to them of investment services.
- The carrying out of transactions by relevant persons for their own account or for the account of persons related with them on the basis of confidential information that the above persons have obtained in the course of their employment with the Company.

Employee Responsibility

All employees must:

- Be fully aware of the above prohibited practices;
- Exercise sound judgment to prevent any occurrence of these activities; and
- Immediately report any suspected or actual violations to the Compliance Officer (CO) or the Compliance Department.

DISCLOSURE OF CONFLICTS OF INTEREST

Where the organisational and administrative arrangements implemented by the Company to manage or prevent conflicts of interest are not, with reasonable confidence, sufficient to eliminate the risk of harm to a client's interests, the Company is obligated to make a clear and timely disclosure of the conflict.

Prior to executing a transaction or providing an investment service, the Company must disclose any actual or potential conflict of interest to the client, if it determines that the measures taken are not adequate to ensure the client's interests will remain unaffected.

This disclosure must:

- Be made in a durable medium;
- Contain sufficient detail based on the nature of the client;
- Clearly outline the source and nature of the conflict;
- Describe the associated risks; and
- Enable the client to make an informed decision regarding whether to proceed with the investment service or transaction in light of the disclosed conflict.

The Company reserves the right not to proceed with the transaction or investment service if it concludes that the disclosure is not sufficient to adequately manage or mitigate the conflict of interest.

DISCLOSURE BY MANAGEMENT AND EMPLOYEES

All management personnel and employees of the Company are required to disclose the following to the Compliance Officer (CO):

- The opening or closing of personal accounts at any other brokerage firm for investment purposes;
- All personal transactions conducted (notification must be provided within 24 hours of execution);
- A declaration of securities currently held by the employee;
- Any transactions executed by the Company in which the employee may have a direct or indirect interest, or that may give rise to a conflict.