

ADMIRAL MARKETS PTY LTD

POLICY DOCUMENT

CONFLICTS OF INTEREST

Date produced: 9th September 2011
Date amended: 10th October 2011
Date amended: 30th July 2014

Responsibility:

1. Managing Director
2. Responsible Managers

Reporting:

1. As needs basis
2. ASIC – within 10 business days of a significant breach

Corporations Act s912A(1)(aa) requires that Admiral Markets Pty Ltd ('AM') has in place a Conflicts of Interest management policy in respect of its provision of financial services to retail and wholesale clients. We have also relied on ASIC RG 181 for guidance determined that the materiality test applied will be that there is a conflict.

This policy is relevant given the size and nature of our financial services business and is approved by management.

The Responsible Manager will oversee the implementation of the Policy which will be reviewed at least annually to ensure all conflicts of interest are identified, reported, recorded and disclosed.

The overriding consideration in respect of conflicts of interest is:

Providing financial services to a client that are inconsistent with some or all of the interests of the client, in favour of the interests of AM or a representative or other associates.

Admiral Markets AS, a related company, also has documented procedures in place to handle conflicts of interest, and these are also required to be followed by the licensee.

The Responsible Manager will assess and manage all conflicts of interest.

Identifying Conflicts of Interest

To identify conflicts of interest that may exist, AM, and each representative who provides financial services, will carry out an assessment of actual, apparent and potential conflicts. This assessment will consider;

1. The nature of the conflicts of interest.
2. Are they material or immaterial (as perceived by AM)?
3. Could a client or the Financial Planning Association or ASIC perceive them as material?
4. If the conflict could be a detriment to the client in any way?

This assessment includes consideration being given to;

1. All arrangements, contractual or otherwise, with all product and service providers
2. Relationships or associations with product providers
3. Remuneration paid by product providers to AM and its representatives
4. Our method of remunerating our representatives

Representatives include:

- any person who acts on behalf of Admiral Markets;
- an authorised representative who is appointed through ASIC); and
- any third party service provider used by Admiral Markets to provide functions related to Admiral Markets' Australian Financial Services Licence.

Any conflicts will be assessed on application and prohibited. Representatives must inform the Responsible Manager of any conflicts they may have, or situations that give rise to conflicts from time to time, and reminded each month. The Responsible Manager will assess how the conflict is to be managed. Representatives will be asked for verification of their understanding of conflicts of interest and confirmation of their current position concerning conflicts each six months.

Representatives will not be able to receive any gifts or benefits. They will only be remunerated by salary, and may be eligible for any benefits from the Licensee as a result of profit generated by the company. There is no direct remuneration relationship to a product or volume because clients pay fees to the Licensee in each trade.

Managing conflicts of interest

Once the assessment has been conducted any identified conflicts of interest are recorded in the 'Conflicts of Interest Register' and the appropriate management of the conflict applied.

The conflicts will be managed by either;

1. controlling the conflicts of interest;
2. avoiding the conflicts of interest; or
3. disclosing the conflicts of interest.

In considering the appropriate management procedure the requirements of industry associations will be applied.

(A) CONTROLLING CONFLICTS OF INTEREST

To control conflicts of interest a licensee must:

1. identify the conflicts of interest relating to their business;
2. assess and evaluate those conflicts; and
3. decide upon, and implement, an appropriate response to those conflicts.

In respect of controlling a conflict and depending on the circumstances and the nature of any given conflict, it may be appropriate for AM to:

1. disclose the conflict of interest to the relevant client(s);
2. allocate another representative to provide the service to the particular client;

3. decline to provide services to the particular client.

(B) AVOIDING CONFLICTS OF INTEREST

Some conflicts of interest have such a serious potential impact on a licensee or its clients that merely disclosing the conflict or imposing internal controls is not sufficient and the only way to adequately manage those conflicts will be to avoid them.

We will pay particular attention to identify any such situations when conducting the assessment.

(C) DISCLOSING CONFLICTS OF INTEREST

Licensees must make appropriate disclosures to clients as part of their arrangements to manage conflicts of interest. While disclosure alone will often not be enough, disclosure is an integral part of managing conflicts of interest.

We will ensure that clients are adequately informed about any conflicts of interest that may affect the provision of financial services to them.

Adequate disclosure means providing enough detail in a clear, concise and effective form to allow clients to make an informed decision about how the conflict may affect the service being provided to them.

Where it has been decided that a conflict cannot be avoided the conflict will be disclosed in detail in AM's Financial Services Guide (if known at the time the FSG is given to the client). Conflicts will also be disclosed in the Product Disclosure Statement. Examples of required disclosure include information about the inherent conflict as being counterparty and acting in principal to the client.

Recording conflicts of interest

The Responsible Manager will ensure that the 'Conflicts of Interest Register' is current at all times and representatives are aware of the conflicts.

Review, Reporting and Responsibilities

The Managing director is responsible for embedding conflicts management into the business operations. He or she is also accountable for implementing the policy and treatment plans.

All conflicts and treatment of conflicts are to be reported to the Managing director who will manage the Register of Conflicts of Interest and also advise Responsible Managers on the identification and treatment of conflicts. The Managing director may seek the assistance of the Compliance Consultant in relation to the identification and/or treatment of conflicts.

The Managing director will continuously monitor the conflicts management arrangements and will report to the Admiral Markets Board at its meetings.

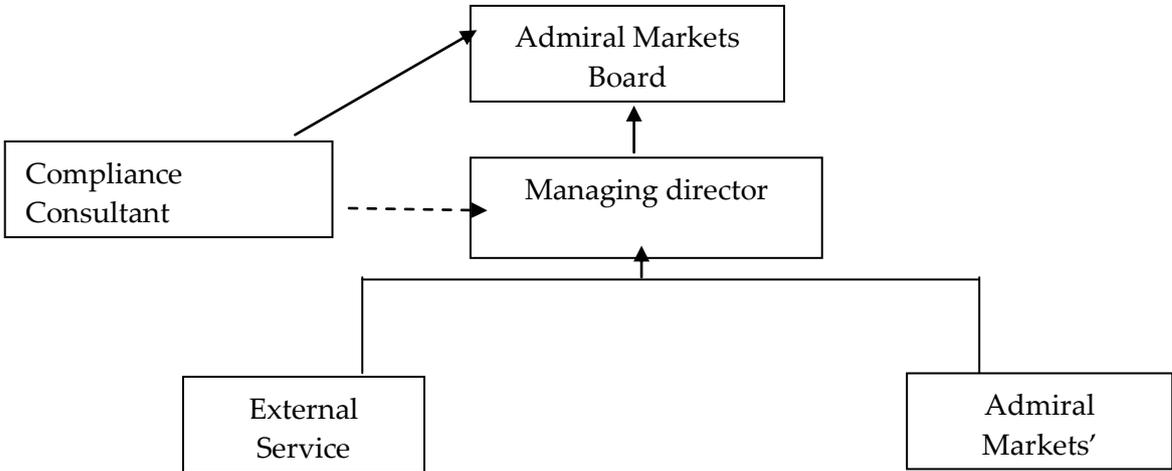
Conflicts are to be reassessed where there is a material change in the conflict or control environment, such as organisational restructure.

At least annually, the Compliance Consultant will assess the adequacy of the processes to identify and manage potential and actual conflicts of interest and report to the Managing director and the Board.

Conflict assessment, oversight and review is included as part of the cyclical risk management process which is part of the responsibility of the Board.

Conflicts management is included as an agenda item for each Board meeting, at which time it will consider recommendations from the Managing director. The Board shall monitor the effectiveness of the policy and processes at least on an annual basis.

The line of reporting for conflicts of interest is illustrated in the diagram below:



Identifying Non-Compliance

The Managing director will undertake internal periodic reviews of Admiral Markets' conflicts of interest and the procedures and processes for identifying and dealing with those conflicts.

Identified instances of conflicts of interest will be recorded in a register together with a strategy for dealing with each conflict. Where the management of the conflict is not consistent with the stated strategy and internal policy and procedures, this will be noted as a breach and communicated to the Compliance Consultant.

The Managing director, in consultation with the Compliance Consultant, will review the reason for the breach and take the necessary action to remedy the breach or, if this cannot be done, consider the steps required to remove the conflict and prevent recurrence.

The Managing director will report the matter to the Board and may also have to report the matter to ASIC if there is a material breach.

Potential Conflicts of Interest and how they will be Managed

	Description of identified conflict(s) of interest	Arrangements for managing conflict(s)	Procedures for monitoring conflicts management arrangements
1	Staff hold a personal interest (financial, legal etc.) in a service or product offered by Admiral Markets.	Staff are required to declare conflicts of interests. Record of all conflicts of interest declared by staff kept on file. Disclosure of conflicts of interests to be made to clients in an FSG. Staff have to obtain permission from a	Managing director monitors, records and updates all staff conflicts of interest on file, reports to the Board and assists with determining proper disclosures.

		Responsible Manager and the Managing director prior to entering into a transaction involving a financial product which is part of the investment portfolio(s) managed by Admiral Markets or one of its Corporate Representatives.	
2	Gifts and other rewards from clients/external parties associated with Admiral Markets.	<p>Gifts and other rewards must not be accepted if they are designed to influence the decisions of staff or directors.</p> <p>Approval must be obtained from the Managing director to accept gifts of a value above \$300.</p> <p>Any gifts received, of a value above \$300, must be entered into the Gift Register.</p>	<p>Managing director monitors receipt of gifts recorded in the Gift Register.</p> <p>Staff who fail to declare gifts will face disciplinary action.</p>
3	Remuneration structures that create incentives for staff to	Admiral Markets is considering adopting a policy to provide all	Board of directors monitor the salary and bonus levels of staff.

	act outside of client interests.	<p>staff with a basic salary and an opportunity to receive an annual bonus based on the quality of work.</p> <p>Incentives are being designed that will align Admiral Markets' interests and that of its Representatives with that of their clients.</p>	
4	Actions detrimental to a client (whether requested by another client or by Admiral Markets).	Policy of avoidance for actions that will knowingly impact adversely on any of Admiral Markets' clients.	<p>Requirement of all staff to report on all conflicts of interest to the Managing director.</p> <p>Staff are encouraged to enter into discussions with Managing director or Compliance Consultant to avoid any action which may be detrimental to clients.</p>
5	Staff trading.	All trades by staff and related parties in fixed interest products and other related products must be conducted through an approved broker.	Managing director monitors records of staff trading activity and considers applications by staff to trade, in the light of trading restrictions which may exist at that time.

		<p>A record of related party investments is maintained.</p> <p>Restrictions on trading are applied when the Company is active, and prior approval is required for all transactions.</p> <p>Excessive trading by staff will not be permitted.</p>	
6	Staff refer work or direct actual or potential business to a third party.	Staff required to obtain approval of Managing director before referring work.	Investigation of any loss of business will be undertaken.