

Selini Capital FZE

Conflict of Interest Policy

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Introduction

Selini Capital FZE (“Selini Capital” or the “Company”) is incorporated within the jurisdiction of the United Arab Emirates (“UAE”). Our core business involves operating as a cryptocurrency broker-dealer, catering to a diverse institutional client base with dedication and integrity.

At Selini Capital, we maintain a constant commitment to ethical business practices, guided by both local and international laws and regulations relevant to our operations. Our pledge is to conduct all business activities with the highest standards of integrity, ensuring that the professional judgement and decision-making of our employees and associated persons remain free from the bias of personal interests.

In acknowledgment of the challenges presented by conflicts of interest, particularly in the complex landscape of financial services, Selini Capital has instituted this Conflicts of Interest Policy (the “Policy”). The Policy serves as a comprehensive framework for the proactive identification, documentation, escalation, and effective management of conflicts of interest that may arise in the course of our business operations.

The principles and procedures outlined in this Policy are designed to safeguard the fairness of our business decisions and maintain the trust and confidence of our clients. It is vital that any personal interests or influences that could potentially, actually, or perceptibly affect decision-making processes at Selini Capital are managed with transparency and integrity.

Selini Capital recognizes that local laws and regulations may, at times, supersede the directives of this Policy. In such instances, or whenever uncertainties regarding the application of this Policy in the context of local legal requirements arise, it is essential that our employees and associated persons seek guidance from the Compliance Officer (“CO”). The CO serves as the guardian of Selini Capital’s ethical standards, ensuring that our commitment to integrity and compliance permeates every aspect of our operations.

Objective

The Objective of this Policy is to protect Selini Capital’s solid dedication to operating with utmost integrity and fairness in all dealings, especially towards our esteemed Clients. This Policy is universal in its application, extending to every member within the Company's hierarchy including the Board of Directors, both executive and non-executive members, all employees and associated persons, as well as encompassing all operational functions and aspects of Selini Capital.

The Board of Directors bears a critical responsibility for the active implementation of this Policy. This includes but is not limited to, leading the identification, management, and continuous monitoring of conflicts of interest. The Board is also charged with fostering a culture of awareness regarding this Policy within the Company, endorsing robust systems and controls, facilitating independent audits of these processes, and mandating Policy adherence among all employees.

In alignment with the objectives of this Policy, the Board of Directors and all employees are mandated to disclose any personal interests or directorships that may influence their decision-making within the Company.

The stewardship of this Policy resides with the Compliance Officer (CO), who ensures its relevance and efficacy through annual reviews or more frequently if significant changes in the Company's business practices, operational landscape, or regulatory demands occur. Material modifications to the Policy necessitate approval by the Compliance Officer. Upon revision employees and relevant associated persons are notified of the Policy update and are required to familiarize themselves with the changes outlined in the Policy. Furthermore, the CO is responsible for maintaining all related records, and compiling and delivering internal reports to the Board of Directors.

Scope

The Scope of this Conflicts of Interest Policy involves all individuals and entities directly associated with Selini Capital, emphasizing the inclusive approach Selini Capital adopts in managing conflicts of interest. Specifically, this Policy is applicable to:

- Selini Capital, including its Board of Directors, Senior Management, officers, employees, consultants, contractors, and temporary employees.
- External third parties who are engaged with Selini Capital through contractual commitments.

Compliance with this policy is mandatory for all Selini Capital personnel; failure to comply may lead to disciplinary action for misconduct, including dismissal.

Conflict of Interest

Definition and Types of Conflicts of Interest

A Conflict of Interest (“CoI”) is identified as a circumstance where one or more individuals or entities encounter competing interests, and the prioritization of one interest could lead to detriment to another. Such conflicts might arise between the company and its various stakeholders, including:

- Clients;
- Shareholders;
- Management bodies;
- Employees and associated persons;
- Suppliers and business partners.

Moreover, conflicts of interest can emerge internally, amongst different functions, teams, and companies. This includes conflicts involving managers, employees, or any individual directly or indirectly connected to them through control mechanisms.

Under the scope of this Policy, a Conflict of Interest is categorized into several distinct types:

- **Actual Conflict:** A Conflict of Interest that is currently present and identified.
- **Potential Conflict:** A Conflict of Interest that could emerge under specific circumstances.
- **Perceived Conflict:** A situation that might be interpreted as a Conflict of Interest, regardless of whether an actual conflict exists.
- **Temporary conflicts of interest**, which occur unexpectedly in relation to a singular event (such as a transaction or the selection of a service provider) and can typically be resolved through a one-time measure,
- **Permanent conflicts of interest**, which are ongoing situations requiring sustained management efforts. These kind of conflicts of interest must be prevented/managed with measures such as for instance, specific organizational provisions (particularly situations where proprietary interest conflicts with Client interest), or by core monitoring. This frame could be completed by information flow measures as the set-up of information barrier¹.

¹ Information barriers, also known as "Chinese walls," refer to policies and procedures that are put in place by the company to prevent the sharing of confidential or sensitive information between different departments or individuals within the company.

The failure to accurately identify and manage Conflicts of Interest could lead to a range of adverse effects for the Company, its employees, and clients. Such consequences include reputational harm, damage to client relationships and business loss, regulatory penalties, and the potential for litigation. To facilitate the recognition of Conflicts of Interest, this Policy outlines a non-exhaustive list of relationships vulnerable to conflicts, alongside illustrative scenarios of Conflict of Interest, thereby providing comprehensive guidance for all individuals subject to this Policy.

Characteristics of Conflicts of Interest

In recognizing the various indications of conflicts of interest, Selini Capital identifies them under two principal classifications: transactional and non-transactional conflicts of interest.

a) Transactional Conflicts of Interest:

These are initiated by one or more specific transactions, encompassing scenarios such as:

Personal Advantage Transactions: Instances where an employee or executive might recommend a client to buy a virtual asset that the employee personally owns, possibly to the client's detriment, due to the employee's vested financial interest.

Confidential Information Misuse: Situations where employees or executives misuse non-public information for personal financial gain, thereby compromising the integrity of client transactions and the company's ethical standards.

Receiving Benefits: The act of accepting gifts, benefits, or other forms of advantage from clients or partners that could improperly influence decision-making or lead to perceptions of bias.

b) Non-transactional Conflicts of Interest:

These include conflicts not directly tied to specific transactions and are categorized into:

Personal Interests vs Professional Duties: Conflicts arising from an employee's private life or personal relationships that could impact professional responsibilities.

Occupational Conflicts: Conflicts emerging from the professional roles and responsibilities of employees.

Examples of Personal Interests vs Professional Duties:

External Engagements: Conflicts restricting from an employee's involvement in external businesses or activities that could potentially conflict with their duties to the Company.

Intimate and Close Relations: Conflicts that occur when personal relationships with clients, partners, or vendors might influence an employee's professional judgement or actions.

Investment Interests: Situations where an employee's personal investments could conflict with the interests of the Company or its clients.

Bias and Preference: The influence of personal beliefs or preferences on professional decisions, which could lead to biased client treatment or decision-making.

Examples of Occupational Conflicts:

Client Interest Alignment: Challenges in managing the competing interests of different clients fairly and impartially.

Balancing Compliance and Corporate Goals: The delicate act of adhering to regulatory requirements while striving to meet the company's profit-driven objectives.

Incentive Misalignment: Situations where internal performance metrics may inadvertently prioritize certain activities or clients, potentially compromising the broader interests of the company or its clients.

Vendor and Service Provider Relations: Conflicts that arise from dealings with third-party entities which might not always align with the best interests of Selini Capital or its clients.

In all instances, employees are encouraged to consult with the Compliance Officer (CO) regarding any concerns about actual or potential conflicts of interest, including those related to family and outside business interests. The CO, or where appropriate, unbiased Board of Directors, will evaluate the situation to determine if it constitutes a material conflict requiring action or an immaterial conflict that simply needs to be documented, ensuring transparent and ethical handling of conflicts.

Identification of Conflict of Interest

Identification of Potential Conflicts of Interest

Selini Capital commits to systematically identifying the types of conflicts of interest that may arise in connection with its activities. This essential process is undertaken by either Senior Management or the Compliance department.

To facilitate this identification, Selini Capital prepares and consistently maintains a mapping - also referred to as cartography. This mapping acts as a comprehensive sample of potential conflict situations on a theoretical basis, among other relevant methods. It involves a generic description of potential conflicts of interest and the existing related mitigation measures to allow for the prevention and/or effective management of these conflicts of interest (ColS). The mapping is subject to regular updates, at a minimum on an annual basis or more frequently as determined necessary by the Company.

Selini Capital ensures, through the execution of suitable controls, that the mitigation measures detailed in the mapping are adequately deployed and implemented. This proactive approach underlines the Company's dedication to maintaining the highest standards of integrity and ethical conduct.

Information Barriers:

To prevent or manage conflicts of interest, Selini Capital has established information barriers. These consist of rules, procedures, or physical separations designed to limit the flow of information within the Company, thereby mitigating potential conflicts. The goal of these barriers is to ensure that confidential information possessed by one segment of the business is not inappropriately shared with other segments that do not require this information. Generally, employees situated on one side of an information barrier are not aware of confidential information or transactions occurring on the opposite side.

The setup of these barriers is managed by the Compliance Officer (CO) on an individual case basis or by the Board of Directors when necessary, ensuring tailored and effective segregation of information.

Outside Business Interests (OBI):

Conflicts of interest may also emerge from employees engaging in activities or holding interests outside of Selini Capital's business operations, or related to their roles within the Company, known as OBIs. These can range from executive and non-executive directorships to involvement in family trusts, trusteeships, governorships, and consultant or advisory roles.

As part of its Conflict of interest policy, Selini Capital assesses any OBIs and the connected persons of its employees to determine actual or potential conflicts, ensuring their ongoing monitoring and management. Employees are required to disclose any existing or new OBIs to the CO upon joining Selini Capital, as well as any changes thereafter, ensuring transparency and the effective management of potential conflicts.

Disclosure of Virtual Asset Positions and Outside Roles:

All Board members and staff must disclose the following information at least every six (6) months:

a) Virtual Asset Positions:

For all Virtual Asset positions held directly or indirectly on their own account, the following details is provided:

- A description and identifier of each Virtual Asset and/or related investment.
- The size of positions for each Virtual Asset and/or related investment.
- The nature of the transaction(s).
- The transaction history relevant to positions held.

b) Shareholding and Directorships in Other Legal Entities:

For any shareholding or director roles in legal entities outside of Selini Capital, Board members and staff disclose:

- The full name and place of organization of the legal entity.
- The purpose of such shareholding or directorship.
- The shareholding percentage, if applicable.
- Full details of any remuneration for the director roles.

When information is obtained or circumstances arise indicating that a conflict of interest may exist, the Company initiates appropriate actions to ensure the conflict is promptly addressed and resolved depending on the specific situation, including the relevant Board member or staff may be required to sell or divest the conflicting Virtual Asset positions or shareholding to eliminate the conflict. In cases where the conflict arises from an external directorship or governance role, the Company may require the individual to resign from the board or role in the other legal entity.

Conflict of Interest Identification guidelines

In the evaluation of a potential conflict of interest high-level analysis guidelines are employed to ensure a comprehensive assessment. This considers various factors, with the understanding that additional criteria may be necessary based on the nature of the conflict. The guidelines for this analysis include:

Identification of the Parties: Determine who is involved in the conflict of interest. Is the party an individual or a business/institution? This step involves identifying all parties with conflicting interests within the situation.

Clarification of Conflicting Interests: List the specific interests that are in conflict. Generally, at least two conflicting interests will be present, requiring clear identification. These interests might include:

- The interests of clients
- The corporate interests of company
- The broader interests of the financial markets
- The private interests of employees or management body, including their involvements with other organizations outside their professional activities at Selini Capital

Prioritizing Interests: Understand which interest(s) should take priority (the principal interest) and the basis for this priority, whether it be regulation, law, the public interest, or the duty of loyalty of the employee towards the employer. Determining the principal interest is critical as it guides the conflict resolution process, acknowledging that sometimes one interest must be prioritized over others.

Mitigation Measures: Identify potential mitigation measures that can be reasonably considered to address the conflict. These measures must be understandable, monitorable, and controllable. For temporary conflicts, it's crucial to set a time limit for the mitigation measures, with provisions to reassess the situation upon reaching this limit. In cases of permanent conflicts, the effectiveness and robustness of organizational measures (e.g., information barriers, reporting lines) should be regularly evaluated.

Implementation of Controls: Establish the controls that are or will be put in place to monitor both the situation and the efficiency of the mitigation measures. This involves determining how the situation will be overseen and the means through which the effectiveness of any implemented measures will be assessed.

Management and Monitoring of Conflict of Interest

Selini Capital is committed to ensuring that conflicts of interest do not negatively impact the interests of clients, the business, its employees, shareholders, or other stakeholders. To this end, Selini Capital employs a proactive strategy for the prevention, identification, and management of conflicts of interest. This Conflict of Interest Management strategy comprehensively outlines the scope and nature of actions, conditions, or restrictions implemented to manage, mitigate, or eliminate any actual, potential, or perceived conflicts.

Upon the identification of an actual or potential conflict of interest, the Compliance Officer (CO) is responsible for conducting a thorough assessment to manage the conflict effectively and prevent adverse effects on clients and the business. This involves a detailed examination of the facts and circumstances surrounding the conflict, as well as an evaluation of the potential risk it poses. Based on this assessment, appropriate mitigating measures are deployed as necessary to address the conflict.

The foundation of the Company's approach to managing conflicts of interest is the application of the principle of fairness. This principle directs that employees are prohibited from handling matters on behalf of the Company in situations where they, their closely associated persons, or companies may have interests that conflict with those of the Company or its clients. By adhering to this principle, Selini Capital ensures that all decisions and actions taken by its employees are made with fairness and integrity, safeguarding the interests of the Company and its clients against the potential biases introduced by conflicts of interest.

Disclosure of Conflicts of Interest

For the effective detection and management of conflicts of interest Selini Capital adopts a case-by-case approach. This ensures that each conflict is appropriately identified and managed in alignment with the specific circumstances and nature of the conflict. Triggers for the detection of conflicts of interest may include, but are not limited to:

- **Employee Declarations:** An employee disclosing a potential or actual conflict of interest.
- **Client Issues:** Concerns raised by clients regarding potential conflicts affecting their interests.
- **Business Alerts:** Notifications related to business operations that may highlight potential conflicts.
- **Internal Governance or Regulatory Reviews:** Evaluations conducted by internal governance bodies or regulators that identify conflicts.

- **Whistleblowing or Compliance Alerts:** Information received through whistleblowing channels or directly reported to Compliance.
- **Other Triggers:** Any other situations or indicators that may reveal the existence of a conflict of interest.

Upon identification, a thorough analysis of the situation is conducted in accordance with applicable norms, including laws, regulations, and guidelines, to ascertain the best course of action for managing the conflict.

To formalize the disclosure process, Selini Capital mandates that employees at the Senior Management level or above complete a Conflict of Interest (CoI) Declaration Form. This form requires them to confirm either the absence or existence of any actual or potential conflicts of interest. These declarations must be submitted annually or more frequently if there are changes in the employees' circumstances that might lead to a conflict of interest. The management and flow of this sensitive information, including declarations and the conflict of interest register, are strictly controlled by the Company. Access is limited to employees whose job duties necessitate this information, and Selini Capital enforces a strict information management policy to prevent any inappropriate handling of this data.

Management of Conflict of Interest

Upon the identification of a conflict of interest a structured process is initiated to manage the situation effectively. Selini Capital's approach to handling conflicts of interest involves:

- **Acceptance of the Conflict of Interest:** Selini Capital may accept the conflict of interest either in its current form or under specific conditions designed to safeguard the appropriate prevailing interest.
- **Rejection of the Conflict of Interest:** Alternatively, the Company may refuse to engage in situations where a conflict of interest exists, potentially by withdrawing from a proposed transaction.

In scenarios where a conflict of interest could be damaging to a Client, Selini Capital commits to disclosing such conflicts to the Client and implementing suitable measures to ensure fair treatment. These measures might include the establishment of "Chinese Walls" between teams or other appropriate actions.

Regarding transactions involving a Related Party, Selini Capital mandates obtaining written consent from the Board before proceeding with any transaction where the value exceeds 5% of its issued share capital. Should significant changes to the transaction's terms arise, further written consent from the Board is required. Additionally, if the Related Party is a

Board member, that individual must withdraw from voting on the decision related to the transaction.

Selini Capital also recognizes situations where conflicts of interest, particularly with third parties, must be disclosed according to applicable laws or regulations.

Register of Conflicts of Interest

Selini Capital maintains a comprehensive Register of Conflicts of Interest, documenting all detected conflicts. The Compliance Officer (CO) is responsible for the maintenance of this register, including company's evaluation of the materiality of each identified conflict. The register details the actions planned or taken for each conflict, specifying the affected parties, the severity of the conflict, its potential or actual nature, and the designated individual within Company responsible for monitoring the conflict and the remedial measures taken in response to the conflict that arose.

For each identified conflict of interest, the register must include:

- **Detailed Description:** A precise account of the conflict situation.
- **Detection Context:** Information on how the conflict was detected.
- **Management Approach:** How the conflict was managed, including any disclosures made.
- **Involved Stakeholders:** Parties involved in or affected by the conflict.
- **Additional Information:** Any other relevant details providing a clear understanding of the situation.

In case of the conflicts may arise without prior identification by the Company, these conflicts are retrospectively included in the identification process and recorded in the register, ensuring a comprehensive and transparent approach to conflict management.

Responsibilities

The Conflict of Interest Policy ensures that all staff, regardless of their position, contribute to the effective identification, documentation, escalation, and management of conflicts of interest.

All Employees and associated persons

All employees and Associated Persons bear the responsibility for ongoing identification and management of conflicts of interest and are required to:

- Adhere to this Policy and other related procedures for handling conflicts of interest.

- Exercise integrity, good judgment, and discretion in their duties.
- Maintain independence and objective in fulfilling their responsibilities.
- Avoid situations that may lead to conflicts of interest, such as those involving personal financial interests, family, close personal relationships, or any involvement in activities.
- Notify the Compliance Officer (CO) directly or via an anonymous whistleblower report about the existence or general nature of any conflict of interest.

Managers

Managers, particularly those in supervisory roles, have additional responsibilities:

- Identify, mitigate, and document conflicts of interest within their area, including for current or planned activities.
- Assess reported conflicts to determine if they are actual or perceived and consult with the CO to decide on the best course of action for resolution.
- Review reported conflicts of interest regularly to ensure they are managed appropriately.
- Delegate responsibilities in a manner that avoids conflicts within their teams.

Senior Management

Senior Management plays a crucial role in the key management of conflicts of interest, responsible for:

- Promoting a culture that emphasizes ethical client treatment and fair conflict handling.
- Implementing and communicating policies, procedures, and expectations for managing conflicts of interest, including ongoing monitoring.
- Adopting a comprehensive approach to identifying potential and emerging conflicts across the Company to make informed judgments.
- Encouraging compliance with this policy through regular and refresher training.
- Sponsoring systems and controls for documenting, tracking, managing, and mitigating conflict of interest risks, and evaluating their effectiveness.
- Reviewing and adjusting, if necessary, performance measurements or incentive schemes that may conflict with the company's obligations.
- Completing the CoI declaration as required by the Compliance Team.

Senior Management must remain vigilant about the conflicts of interest they may face, understanding that such conflicts can impact on their independence and ability to make objective decisions.

Controls

Selini Capital, operating in UAE as a Virtual Asset Service Provider (VASP) acknowledges the critical importance of implementing robust controls to adhere to laws and regulations pertaining to conflicts of interest. The UAE Federal Law No. 2 of 2015 on Commercial Companies, among other regulatory frameworks, establishes the standards for corporate governance and the management of conflicts of interest within the jurisdiction.

To align with these regulations and ensure comprehensive compliance, Selini Capital has established the following controls:

- **Ethics and Conduct Guidelines:** Selini Capital has formulated an Ethics and Conduct Guidelines, incorporated UAE regulations and setting forth behavioral expectations concerning conflicts of interest. This document covers disclosure requirements, and outlines prohibited actions to prevent conflicts.
- **Conflicts of Interest Framework:** The Company has established a Conflicts of interest framework compliant with UAE laws, detailing steps for the recognition, revelation, and handling of conflicts of interest. This framework obligates employees to report potential conflicts and establishes a method for their assessment and resolution consistent with UAE regulations.
- **Awareness and Training Programs:** Selini Capital commits to ongoing awareness and training programs for all personnel, tailored to meet UAE regulatory standards. This includes case studies on typical conflicts and guidance on management strategies.
- **Operational Segregation:** To prevent conflicts of interest, Selini Capital implements separation of duties in line with UAE regulations, ensuring that no individual controls over transactional or operational processes.
- **Surveillance and Compliance Monitoring:** A comprehensive surveillance and compliance monitoring system aligns with UAE legislation to spot and manage potential conflicts. Features of this system include regular checks of employee conduct, internal audits, and the creation of channels for external compliance reporting.
- **Dealing Protocols for Conflicted Transactions:** Procedures are in place for employees identified with conflicts of interest, including possible removal from

affected client transactions. Selini Capital may refuse involvement in transactions where conflicts cannot be satisfactorily managed, to avoid reputational harm.

- **Fair Remuneration Practices:** Selini Capital ensure that its compensation practices do not adversely affect client interests. This includes careful structuring of encouragements and remuneration processes applicable to all staff tiers.
- **Guidelines on Gifts and Entertainment:** Clear guidelines are established for the acceptance and provision of gifts and entertainment by employees, aimed at managing potential conflicts and maintaining corporate integrity in dealings with clients and third parties.

Violations of this policy are subject to investigation by the Compliance Officer (CO) or disinterested director(s), as appropriate. Non-adherence to the principles and conditions of this policy may trigger disciplinary actions and/or the implementation of contractual remedies, which can include the termination of the associated individual's employment or contractual relationship with the Company.

If there is a justifiable belief that an employee has not disclosed a conflict of interest, that individual will be informed of the reasons for such belief and given the opportunity to explain the alleged nondisclosure. After considering the individual's explanation, and following any further investigation if deemed necessary, the Compliance Officer (or a disinterested director) will determine whether there has indeed been a failure to disclose a conflict of interest.

Record Keeping

The Compliance Officer (CO) is responsible for maintaining comprehensive records of all submissions and declarations, regardless of whether a conflict has been declared. This includes keeping detailed training records for all employees to ensure transparency and compliance. The Company is committed to retaining copies of these submissions, reports, and the comprehensive log for a duration of eight, adhering to best practices in record-keeping and regulatory requirements.

Additionally, the CO is responsible for compiling and presenting a report to the Board of Directors and Senior Management at least annually. This report evaluates the operation and effectiveness of the Company's tools and controls specifically designed for managing conflicts of interest.

Appendix 1 Declaration of Conflict of Interest Form

I, the undersigned, hereby confirm that I have thoroughly reviewed the Selini Capital's Conflict of Interest Policy. In compliance with this policy, I declare that:

No Conflict Declaration:

To the best of my knowledge and belief, no actual, identified, or potential conflicts of interest (whether coincidental or permanent) exist between my responsibilities as an employee and my private and/or business interests.

Conflict Declaration:

To the best of my knowledge and belief, I hereby list all actual, perceived, or potential conflicts (whether coincidental or permanent) between my responsibilities as an employee and my private and/or business interests. These conflicts are fully disclosed in accordance with the Selini Capital's Conflict of Interest Policy. I understand and agree to adhere to any guidelines/requirements to mitigate or manage any actual, perceived, or potential conflict of interest.

Description of Conflict(s):

(Please insert all relevant details)

Employee Acknowledgment:

By signing below, I acknowledge that all information provided is accurate to the best of my knowledge and that any false or incomplete disclosure may result in disciplinary action up to and including termination of employment.

Name: _____

Title: _____

Signature: _____

Date: _____

Appendix 2 Conflict of Interest Register



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