



# Internal Procedures & Client Risk Matrix

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## 1. INTRODUCTION

Gilgamesh Financial Services and/or GFX Securities and/or the Company (the "Company") has applied for licenses as a Category 1 Global Business Company and an Investment Dealer (Full-Service Dealer excluding Underwriting) to be issued by the Financial Services Commission of Mauritius.

The Company intends to provide derivative financial instrument trading services to retail and institutional clients, allowing them to place buy/sell orders for Contracts for Difference on underlying instruments without actual security delivery.

The Company is aware that according to the Securities (Licensing) Rules 2007 it is required to implement internal procedures which should include:

- Procedures designed to prevent conflicts of interest and the use of inside information by effective segregation of activities;
- Adequate systems and procedures to ensure that non-public information is strictly controlled and not circulated to unauthorised third parties and to other members of any related company; and
- Systems and procedures designed to prevent money laundering and the financing of terrorism.

This Internal Procedures Manual sets out the general rules, systems and procedures (the "Rules") that will be established by the Company in compliance with the above licensing requirements and as may be required in the interests of the business.

## 2. RESOURCES

The Company ensures that it is duly incorporated and licensed at all times to enable it to provide its services and that any person it employs or appoints to assist in the performance of its services is fit and proper and properly licensed or registered, as applicable. Before entering new markets, the Company will conduct thorough legal research as to the legality of its services on any given market and in case of any doubt, The Company will employ external legal counsel to check the legality and regulations. The Company confirms that it will maintain:

- adequate financial, human and technical resources and experience in accordance with relevant statutory requirements for the proper performance of its duties and services. The Company will only appoint qualified and experienced personnel for the performance of its activities.

- a physical branch in Mauritius to both ensure compliance with local requirements (including physical substance for tax purposes) and effective controls principles
- Satisfactory risk management procedures that will regulate risk management in the Company. The procedures shall deploy positions of a risk manager and will authorize creation of a risk management committee consisting of one of the directors, risk manager and any other relevant employee as may be invited to the risk management committee from time to time;
- Satisfactory IT/ Cybersecurity procedures that will regulate and manage risks related to IT/ Cybersecurity risks. The procedures shall deploy a position of the CISO (Chief Information Security Officer).

### 3. ETHICS

In addition to any other duties and obligations imposed upon by the Company, any officers appointed will always:

- act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, co-employees and other participants in the business;
- ensure that clients' interests supersede the Company's interest in all aspects of the Company-client relationship, including (but not limited to) investment selection, transactions, monitoring and custody;
- preserve the confidentiality of all information communicated by clients within the scope of the Company-client relationship, except where the Company is required, by law, to report to relevant authorities, any suspected illegal activities by clients;
- refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity, or loyalty to clients;
- use due diligence and care and exercise independent professional judgment when engaging in their professional activities;
- practice and encourage others to practice in a professional and ethical manner that will reflect credit on the employees and the profession;
- promote the integrity of, and uphold the rules governing capital markets;

## 4. CONFLICT OF INTEREST

### ***Criteria for Conflicts of Interest***

When the Company deals/transacts with the Client, the Company (or an associate or some other person connected with the Company) may have an interest, relationship or arrangement that is material in relation to the Transaction concerned or that it conflicts with the Client's interest. The Company hereby identifies and discloses a range of situations and circumstances which may give rise to a conflict of interest and potentially, but not necessarily, be detrimental to the interests of one or more Clients.

For the purposes of identifying the types of conflicts of interest that may arise in the course of providing Company's services, or a combination thereof, and whose existence may damage the interest of a Client, the Company takes into account, by way of minimum criteria, the question of whether the Company or a Related Person, or a person directly or indirectly linked by control to the Company, is in any of the following discordant situations, whether as a result of providing services or otherwise:

- (a) The Company or a Related Person has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- (b) The Company or a Related Person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- (c) The Company or a Related Person carries on the same business as the Client;
- (d) The Company or a Related Person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service;

### ***Identifying Conflicts of Interest***

While it is not feasible to define precisely, or create an exhaustive list of, all relevant conflicts of interest that may arise, as per the current nature, scale and complexity of the Company's business, the following list includes circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients, as a result of providing investment services:

- (a) the Company may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs
- (b) the Company may be providing other services to associates or other Clients of the Company who may have interests in Financial Instruments or Underlying Assets, which are in conflict or in competition with the Client's interests;
- (c) the Company is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (d) the Company's bonus scheme may award its employees based on the trading volume etc;
- (e) the Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading;
- (f) Any market information, training and discussions as regards possible market trends should not be construed as trading/investment advice. It is the client responsibility to perform its own market research before entering into any position.

### ***Procedures and Control***

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures (list is not exhaustive):

- (a) The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- (b) The Company undertakes effective procedures to prevent or control the exchange of information between Related Persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- (c) The separate supervision of Related Persons whose principal functions involve providing services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- (d) Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services or ancillary services or activities.

- (e) Measures to prevent or control the simultaneous or sequential involvement of a Related Person in separate investment services where such involvement may impair the proper management of conflicts of interest.
- (f) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- (g) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- (h) Procedures governing access to electronic data.
- (i) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- (j) Personal account dealing requirements applicable to Related Persons in relation to their own investments.
- (k) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors.
- (l) Prohibition on officers and employees of the Company having external business interests conflicting with the interests of the Company without the prior approval of the Company's board of directors.
- (m) A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- (n) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- (o) Establishment of the "four-eyes" principle in supervising the Company's activities.

## 5. INFORMATION CONTROL

In the course of its business, the Company will be collecting personal information about potential clients. The Company is committed to maintaining the highest standards of integrity and seeks to provide fair, secure and appropriate methods for the handling of non-public personal information. All such activities are intended to be consistent with generally accepted privacy ethics and standard business practices.

In this respect, the Company will adopt and implement adequate privacy policy measures. Principles of the Company's privacy policy will include:

### ***Personal Information***

The Company will collect personal information specifically and knowingly provided by clients. Where stated, the Company may use the personal information of the client to contact them about the Company's products and services or to provide them feedback and updates in relation to their use of the services of the Company. The Company will only hold data which is necessary to offer its services and ensure continuity of the services.

### ***Privacy Statement Changes***

The Company may change its privacy policy at any time and will notify the clients of such changes so that they are satisfied with the conditions under which they provide the Company their personal information.

### ***Retention of Records***

The Company will keep personal information only as long as it is necessary, including for the purposes of providing its services or as required by law. The Company will safeguard all clients' information in its custody and will develop and maintain security procedures to safeguard personal information against loss, theft, copying, and unauthorized disclosure, use or modification. Access to personal information is restricted strictly to employees and authorized service providers with a need to know and use for the performance of their activities. The Company will make no other use of the personal information of the clients unless authorized.

## **6. CLIENT RISK ASSESSMENT**

We have carefully considered the various business risks and developed the below table. The resultant scores will determine which level of due diligence is applied to a given customer:

<b>Score</b>	<b>Customer Rating</b>
8 - 21	Low
22 - 35	Medium



36 - 42	High
43 – 55	Prohibited

*\* Business Relationships are also prohibited where any one factor falls within the "Very High" field of the Risk Factor Scoring Matrix below*

	Risk Score	Customer Type	Customer Product/ Service Type	Service Type	Interface Type	Geography	Payment Method Type
<b>V e r y  H i g h</b>	9 – 10	<ul style="list-style-type: none"> <li>• Sanctioned individual</li> <li>• Sanctioned entity</li> <li>• Entities with bearer shares</li> </ul>	<ul style="list-style-type: none"> <li>• Prohibited, illegal trade</li> <li>• Very high value service to anonymous client</li> </ul>	n/a	<input type="checkbox"/> Non face to-face through intermediaries	<input type="checkbox"/> Country subject to sanctions / embargos	<input type="checkbox"/> Cash payments of over €10,000

			services				
<b>M e d i u m</b>	3 – 5	<ul style="list-style-type: none"> <li>• Fiduciaries</li> <li>• Public figures</li> <li>• Company</li> </ul>	<ul style="list-style-type: none"> <li>• Average complexity of business models</li> <li>• Average products / services</li> <li>• Internet based services</li> </ul>	<input type="checkbox"/> Online investment/trading Services	<input type="checkbox"/> Non-face to-face	<input type="checkbox"/> Reputable countries outside of EU/EEA	<input type="checkbox"/> Payment via related third parties
<b>L o w</b>	1 – 2	<ul style="list-style-type: none"> <li>• General public</li> <li>• Listed entities</li> <li>• Regulated entities</li> </ul>	<ul style="list-style-type: none"> <li>• Personal matters</li> <li>• Low value services or products</li> <li>• Transparent business models</li> </ul>	n/a	<input type="checkbox"/> Face-to face	<ul style="list-style-type: none"> <li>• EU/EEA countries</li> <li>• Domestic</li> </ul>	<input type="checkbox"/> Payment via reputable / licensed financial institutions
<b>H i g h</b>	6 – 8	<ul style="list-style-type: none"> <li>• PEP</li> <li>• Public figures</li> <li>• Non-profit organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Complex business models</li> <li>• Real estate</li> <li>• Precious metal trade, unregulated financial trade, investments</li> <li>• FATF identified</li> </ul>			<ul style="list-style-type: none"> <li>• Nonreputable / high risk jurisdictions</li> </ul>	
<b>H i g h</b>	6 – 8	<ul style="list-style-type: none"> <li>• PEP</li> <li>• Public figures</li> <li>• Non-profit organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Complex business models</li> <li>• Real estate</li> <li>• Precious metal trade, unregulated financial trade, investments</li> <li>• FATF identified</li> </ul>	n/a		<input type="checkbox"/> Nonreputable / high risk jurisdictions	<ul style="list-style-type: none"> <li>• Payment via correspondent banks from nonreputable / high risk jurisdictions</li> <li>• Payment through unrelated third parties</li> </ul>