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Spec Capital Group Pty Ltd

CONFLICTS OF INTEREST POLICY

Version: 01 August 2026

SPEC CAPITAL

ABN 55 683 368 765 | AFSL 700136

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1. Purpose

This Policy sets out the arrangements maintained by **Spec Capital Group Pty Ltd** ("Spec Capital", "we", "us" or "our") to identify, assess, prevent, manage, monitor and disclose actual, potential and perceived conflicts of interest.

Spec Capital is committed to:

- providing financial services efficiently, honestly and fairly;
- maintaining adequate arrangements to manage conflicts of interest;
- acting transparently and professionally;
- protecting the integrity of its services and decision-making processes; and
- preventing conflicts from causing inappropriate outcomes for clients or the business.

This Policy supports Spec Capital's obligations under its Australian Financial Services Licence, the *Corporations Act 2001 (Cth)* and applicable regulatory guidance.

2. Scope

This Policy applies to:

- directors;
- officers;
- employees;
- responsible managers;
- contractors;
- consultants;
- authorised representatives, if any;
- introducing brokers and referral partners, where relevant;
- related entities involved in the provision of services; and
- any person acting on behalf of Spec Capital.

It applies to all activities undertaken as part of Spec Capital's financial services business, including:

- onboarding and classifying clients;
- dealing in FX, CFDs and other OTC derivatives;
- pricing and execution;
- order handling;
- internalisation and hedging;
- margin and liquidation decisions;
- client money and payment processing;
- remuneration and commissions;
- relationships with liquidity providers and service providers;
- complaints and dispute handling;
- marketing and client communications; and
- personal account dealing by staff.

3. What Is a Conflict of Interest?

A conflict of interest arises where the interests of Spec Capital, its staff, representatives, related parties or another client may be inconsistent with, or compete with, the interests of a client.

Conflicts may be:

- **Actual** — the conflict currently exists;
- **Potential** — the conflict may arise in the future; or
- **Perceived** — circumstances may reasonably appear to create a conflict even where no actual conflict exists.

A conflict does not need to result in financial loss before it must be identified and managed.

4. Regulatory Obligation

Spec Capital must maintain adequate arrangements to manage conflicts of interest arising wholly or partly in relation to the provision of financial services.

Spec Capital also has a general obligation to provide its licensed financial services efficiently, honestly and fairly and to maintain appropriate compliance and risk-management systems.

The adequacy of Spec Capital's arrangements will depend on:

- the nature, scale and complexity of its business;
- the products and services it provides;
- the clients it serves;

- its execution and risk-management model;
- its remuneration arrangements;
- its related-party relationships; and
- the likelihood and potential impact of each conflict.

5. Guiding Principles

Spec Capital applies the following principles:

1. Conflicts must be identified as early as reasonably practicable.
2. Avoidance is preferred where a conflict cannot be adequately controlled.
3. Controls must address the substance of the conflict, not merely its appearance.
4. Disclosure alone will not be relied upon where it is insufficient to manage the conflict.
5. Client communications must be clear, accurate and not misleading.
6. Decisions must be appropriately documented.
7. Material conflicts must be escalated to Compliance and senior management.
8. Conflicts arrangements must be regularly reviewed and tested.

6. Key Conflicts Relevant to Spec Capital

6.1 Principal and Counterparty Conflict

Spec Capital may act as principal and counterparty to client transactions.

This creates a potential conflict because:

- a client's trading loss may contribute to Spec Capital's trading revenue where exposure is internalised;
- a client's trading profit may represent a cost to Spec Capital where the position has not been fully hedged;
- Spec Capital determines certain prices, spreads, margin requirements and execution arrangements; and
- Spec Capital may decide whether and when to hedge exposure.

This conflict is managed through:

- documented execution and pricing procedures;
- independent risk and dealing controls;
- approved mark-up and spread settings;
- market-based pricing inputs;
- execution monitoring;
- segregation of sales and dealing responsibilities;

- escalation of unusual pricing or execution outcomes;
- complaint-review procedures; and
- disclosure in the Client Agreement, Risk Disclosure Statement and Order Execution Policy.

6.2 Internalisation and Hedging

Spec Capital may:

- internalise client positions;
- offset positions between clients;
- hedge net exposure with one or more liquidity providers;
- hedge only part of its exposure; or
- retain market exposure within approved risk limits.

A conflict may arise if execution, account treatment or hedging decisions are influenced by the profitability of an individual client rather than by documented risk-management criteria.

Controls include:

- risk limits by product, client, group and currency;
- objective hedging and exposure-management rules;
- restrictions on arbitrary client-specific execution treatment;
- escalation and approval for changes to routing or execution settings;
- monitoring of slippage, rejection rates and execution quality;
- documented reasons for material account-treatment changes; and
- separation of client relationship staff from risk and dealing decisions.

6.3 Pricing and Spread Setting

Spec Capital may receive revenue through:

- spreads;
- commissions;
- financing charges;
- swap or rollover adjustments;
- mark-ups;
- conversion fees; and
- other disclosed charges.

There is a conflict where Spec Capital controls or influences pricing and also benefits from client trading costs.

Controls include:

- approved pricing methodologies;
- benchmarking against liquidity-provider and market pricing;
- controls over manual price intervention;
- monitoring of stale, off-market or erroneous prices;
- documented spread and commission schedules;
- disclosure of relevant charges;
- controls over asymmetric slippage; and
- review of client complaints and execution anomalies.

6.4 Margin Calls, Stop-Outs and Liquidation

Spec Capital may close positions where margin requirements are not met.

A conflict may arise because the timing and price of liquidation may affect both the client and Spec Capital's exposure.

Controls include:

- predefined margin-call and stop-out levels;
- automated close-out processes where practicable;
- consistent application of margin rules;
- documented authority for manual intervention;
- audit trails of liquidations;
- monitoring of negative balances and exceptional market events; and
- restrictions on employees modifying margin settings without approval.

6.5 Client Profitability and Account Treatment

A client must not receive less favourable treatment solely on the basis that the client is profitable.

Any decision to:

- change execution routing;
- reduce leverage;
- impose position limits;
- remove promotional benefits;
- restrict products;
- terminate an account; or
- investigate trading activity

must be based on documented risk, contractual, operational, compliance or market-integrity reasons.

Examples may include:

- latency or quote arbitrage;
- abusive trading;
- market manipulation;
- rebate churning;
- coordinated or syndicate trading;
- unauthorised account management;
- credit risk;
- sanctions or AML concerns; or
- breaches of the Client Agreement.

Such decisions must be supported by evidence and appropriate approval.

6.6 Liquidity Provider Selection

Spec Capital may select or allocate flow among liquidity providers.

Conflicts may arise where:

- a liquidity provider is a related party;
- Spec Capital receives rebates or commercial benefits;
- execution is directed based on revenue rather than client outcomes;
- a provider offers preferential commercial terms; or
- staff have personal relationships with provider representatives.

Controls include:

- documented due diligence;
- comparative execution-quality reviews;
- assessment of pricing, depth, rejection rates, slippage and stability;
- disclosure and approval of related-party relationships;
- periodic review of provider performance;
- prohibition on personal incentives from providers; and
- documented onboarding and termination decisions.

6.7 Introducing Brokers, Affiliates and Referral Partners

Spec Capital may pay remuneration to affiliates, consultants or referral partners.

Potential conflicts include:

- encouraging excessive client trading to maximise volume-based commissions;
- recommending higher-cost account types;
- misrepresenting Spec Capital’s services;
- providing unauthorised financial advice;
- controlling client accounts;
- receiving undisclosed client payments;

- favouring one client or partner over another; and
- using client information for unauthorised purposes.

Controls include:

- written agreements;
- due diligence before appointment;
- approved marketing materials;
- clear remuneration schedules;
- prohibition on misleading or unauthorised representations;
- monitoring of referred-client activity;
- controls against rebate churning;
- restrictions on handling client money or credentials;
- complaint monitoring;
- periodic partner reviews; and
- suspension or termination for misconduct.

Clients must be informed of referral arrangements or commissions where disclosure is required by law or where the arrangement may reasonably give rise to a material conflict of interest.

6.8 Employee Remuneration

Employee remuneration may create conflicts where staff are rewarded based on:

- client deposits;
- client trading volume;
- client losses;
- revenue generated;
- retention of client funds; or
- sale of particular products or account types.

Spec Capital will structure remuneration so that it does not improperly encourage:

- misleading conduct;
- excessive trading;
- inappropriate pressure on clients;
- concealment of complaints;
- preferential treatment;
- avoidance of compliance controls; or
- behaviour inconsistent with client interests and financial-services laws.

Controls include:

- balanced scorecards;

- compliance-based performance conditions;
- management approval of incentives;
- clawback or withholding rights;
- exclusion of abusive or non-genuine trading volume;
- monitoring of sales and support communications; and
- disciplinary action for misconduct.

6.9 Personal Account Dealing

Employees may have access to:

- client trading information;
- aggregate positioning;
- market-sensitive information;
- pending orders;
- internal exposure information; and
- confidential commercial information.

Employees must not use such information for personal benefit.

Spec Capital requires:

- pre-approval of personal trading;
- use of approved brokerage accounts;
- disclosure of personal accounts;
- minimum holding periods;
- restricted-product or blackout lists;
- prohibition on trading ahead of clients;
- prohibition on copying client trades;
- prohibition on personal trading that conflicts with duties; and
- periodic account statements or attestations.

Employees must not operate an undisclosed referrer, money-management or copy-trading business.

6.10 Gifts, Entertainment and Benefits

Gifts, entertainment or benefits may influence, or appear to influence, business decisions.

Employees must not solicit or accept any benefit that could impair their objectivity.

The following must be disclosed and approved where required:

- gifts above the approved monetary threshold;
- hospitality or travel;

- commissions or referral payments;
- personal discounts;
- services provided at below-market value; and
- benefits provided by suppliers, liquidity providers or clients.

Cash gifts and undisclosed personal commissions are prohibited.

A Gifts and Benefits Register must be maintained.

6.11 Outside Employment and Business Interests

Employees and officers must disclose:

- external employment;
- company directorships;
- ownership interests;
- advisory roles;
- family or close personal relationships with clients or suppliers;
- IB or affiliate activities;
- investments in counterparties or service providers; and
- any other activity that may interfere with their responsibilities.

Spec Capital may impose conditions on an external activity where the conflict cannot be adequately managed.

6.12 Related-Party Transactions

Conflicts may arise where Spec Capital deals with:

- related companies;
- directors or shareholders;
- entities controlled by staff;
- affiliated brokers;
- related service providers; or
- connected clients.

Related-party arrangements must:

- be identified and disclosed internally;
- be entered into on appropriately documented terms;
- be assessed for fairness and commercial reasonableness;
- receive the required approval;
- be recorded in the Conflicts Register; and
- be disclosed externally where required.

A conflicted decision-maker must not participate in the approval process unless authorised and appropriately managed.

6.13 Client Confidentiality and Information Barriers

Conflicts may arise where confidential information is available to staff who could use it for another client, for Spec Capital or for personal benefit.

Controls may include:

- role-based system permissions;
- restricted access to client information;
- information barriers between teams;
- monitoring of downloads and exports;
- confidentiality obligations;
- secure communication channels;
- prohibition on unauthorised disclosure;
- segregation of dealing, sales and compliance functions; and
- investigation of inappropriate access.

6.14 Allocation of Orders and Execution Opportunities

Where orders or execution opportunities must be allocated among clients, the allocation must not improperly favour:

- larger clients;
- related parties;
- employees;
- profitable or unprofitable clients;
- particular introducing brokers; or
- clients generating higher revenue.

Allocation methods must be objective, consistently applied and documented.

6.15 Complaints and Disputes

A conflict may arise where the business unit responsible for an issue also investigates the complaint.

Material complaints involving:

- execution;
- pricing;
- liquidation;
- staff conduct;
- account restrictions;

- commissions;
- abusive-trading determinations; or
- conflicts of interest

must be reviewed by a person who is sufficiently independent from the matter.

Compliance may assume responsibility for, or oversee, the investigation.

7. Conflict Identification

All staff are responsible for identifying and reporting conflicts.

Conflicts may be identified through:

- new-product approval;
- onboarding of suppliers or liquidity providers;
- staff declarations;
- monitoring and surveillance;
- client complaints;
- execution reviews;
- personal dealing reviews;
- gifts and benefits disclosures;
- outside-business declarations;
- remuneration reviews;
- internal audits;
- compliance monitoring;
- related-party reviews; and
- changes to business models or systems.

Before implementing a new product, service, relationship, remuneration arrangement or material process change, Spec Capital must assess whether new conflicts may arise.

8. Conflict Assessment

Each identified conflict should be assessed by considering:

- the parties involved;
- the nature and source of the conflict;
- whether it is actual, potential or perceived;
- the likelihood of the conflict affecting conduct or outcomes;
- the possible financial, regulatory or reputational harm;
- the clients or markets potentially affected;
- existing controls;

- whether further controls are needed;
- whether disclosure is appropriate; and
- whether the activity should be avoided.

Materiality must be assessed on both an individual and cumulative basis.

9. Conflict Management Hierarchy

Spec Capital will apply the following hierarchy:

9.1 Avoid

Spec Capital will avoid the activity or relationship where the conflict cannot be adequately managed.

Examples may include:

- prohibiting an employee from participating in a decision;
- declining a related-party transaction;
- refusing an inappropriate commission arrangement;
- ending a service-provider relationship; or
- declining or terminating a client relationship.

9.2 Control

Controls may include:

- separation of duties;
- independent approval;
- access restrictions;
- information barriers;
- monitoring;
- transaction limits;
- standardised processes;
- staff rotation;
- committee oversight;
- remuneration controls; and
- documented decision-making.

9.3 Disclose

Where appropriate, Spec Capital may disclose the nature and source of a conflict so that the client can make an informed decision.

Disclosure must be:

- timely;
- prominent;
- specific;
- clear;
- accurate; and
- sufficient to explain the conflict and its potential effect.

Disclosure will not be treated as a substitute for adequate controls where disclosure alone would not appropriately manage the conflict.

10. Conflicts Register

Compliance will maintain a Conflicts of Interest Register recording:

- date identified;
- person reporting the conflict;
- business area;
- description of the conflict;
- parties involved;
- classification as actual, potential or perceived;
- risk assessment;
- controls implemented;
- disclosure provided;
- responsible owner;
- review date;
- status; and
- closure or ongoing monitoring decision.

The register must also record material personal conflicts disclosed by directors, officers and employees.

11. Employee Disclosure Obligations

Employees must promptly disclose:

- personal, financial or family interests relevant to their work;
- gifts or benefits;
- outside employment or directorships;
- ownership interests in clients or suppliers;
- personal relationships with clients, IBs or providers;
- personal trading that may create a conflict;
- referral or commission arrangements;

- any attempt by another person to improperly influence a decision; and
- any other actual, potential or perceived conflict.

Failure to disclose a conflict may result in disciplinary action, including termination.

12. Escalation

A material conflict must be escalated immediately to the Compliance Manager.

The Compliance Manager may escalate the matter to:

- the Chief Executive Officer;
- a Responsible Manager;
- the Board;
- external legal counsel;
- an auditor; or
- ASIC or another authority where required.

Urgent escalation is required where the conflict may involve:

- client harm;
- misleading conduct;
- market misconduct;
- misuse of confidential information;
- fraud or dishonesty;
- a significant breach of financial-services laws;
- related-party self-dealing;
- improper pricing or execution;
- unauthorised remuneration; or
- concealment of a complaint or compliance matter.

13. Incident and Breach Assessment

Where a conflict causes or may cause a breach of financial-services laws, Spec Capital will:

1. contain the issue;
2. preserve relevant records;
3. assess affected clients and transactions;
4. consider remediation;
5. undertake a breach or reportable-situation assessment;
6. notify senior management;
7. report to ASIC or another authority where required; and

8. implement corrective and preventive measures.

14. Client Disclosure

Relevant conflicts may be disclosed through:

- the Client Agreement;
- Risk Disclosure Statement;
- Order Execution Policy;
- Commercial Terms;
- IB or referral disclosures;
- website disclosures;
- transaction-specific notices; or
- direct written communication.

Spec Capital may disclose that:

- it acts as principal and counterparty;
- it may internalise or hedge transactions;
- it earns spreads, commissions and financing charges;
- it may pay remuneration to introducers or affiliates;
- it selects liquidity providers and execution arrangements;
- related parties may provide services; and
- its interests may differ from those of clients.

15. Training

Relevant staff must receive conflicts-of-interest training:

- during induction;
- periodically thereafter;
- when their role changes;
- when this Policy is materially amended; and
- following identified incidents or control failures.

Training will cover:

- how to identify conflicts;
- practical examples relevant to Spec Capital;
- escalation procedures;
- personal dealing;
- gifts and benefits;
- outside business interests;

- confidentiality;
- related parties;
- remuneration risks; and
- consequences of non-compliance.

16. Monitoring and Testing

Compliance will monitor the effectiveness of conflicts arrangements through activities that may include:

- review of the Conflicts Register;
- sample testing of execution and pricing;
- review of client complaints;
- IB and affiliate monitoring;
- personal account-dealing reviews;
- gifts and benefits reviews;
- related-party transaction reviews;
- remuneration reviews;
- staff attestations;
- access-log reviews;
- review of account restrictions and termination decisions;
- liquidity-provider performance reviews; and
- internal or external audits.

Weaknesses must be documented, assigned to an owner and remediated within an appropriate timeframe.

17. Record Keeping

Spec Capital will retain records relating to:

- identified conflicts;
- assessments;
- approvals;
- disclosures;
- staff declarations;
- personal dealing;
- gifts and benefits;
- related-party decisions;
- monitoring and testing;
- complaints;
- training;

- breaches; and
- remediation.

Records must be retained for the period required by applicable law and Spec Capital's record-retention policies and must be readily accessible for audit and regulatory review.

18. Governance and Responsibilities

Board of Directors

The Board is responsible for:

- approving this Policy;
- overseeing material conflicts;
- ensuring adequate resources are available;
- reviewing significant incidents; and
- overseeing remediation.

Senior Management

Senior management is responsible for:

- implementing the Policy;
- establishing effective controls;
- promoting an appropriate compliance culture;
- escalating material issues; and
- ensuring staff accountability.

Compliance Manager

The Compliance Manager is responsible for:

- maintaining this Policy;
- maintaining the Conflicts Register;
- advising the business;
- conducting monitoring and testing;
- reviewing material conflicts;
- reporting to management and the Board; and
- coordinating breach assessments.

Managers

Managers must:

- identify conflicts in their business areas;
- ensure staff understand this Policy;

- implement required controls;
- escalate issues; and
- cooperate with Compliance reviews.

Employees and Representatives

All employees and representatives must:

- comply with this Policy;
- disclose conflicts promptly;
- complete required training;
- avoid misuse of information;
- cooperate with investigations; and
- act honestly and professionally.

19. Non-Compliance

A breach of this Policy may result in:

- additional training;
- removal from a decision or activity;
- cancellation of a transaction or arrangement;
- withholding or clawback of remuneration;
- disciplinary action;
- termination of employment or engagement;
- termination of a partner or supplier relationship;
- client remediation;
- regulatory reporting; and
- civil or criminal referral where appropriate.

20. Review

This Policy will be reviewed:

- at least annually;
- following a material business change;
- when new products or services are introduced;
- after a material conflict or control failure;
- following relevant legal or regulatory change; or
- when directed by the Board or Compliance Manager.

The review must consider whether the arrangements remain adequate for the nature, scale and complexity of Spec Capital's business.

21. Related Documents

This Policy should be read together with:

- Institutional and Wholesale Client Agreement;
- Wholesale Client Risk Disclosure Statement;
- Wholesale Client Order Execution Policy;
- Privacy Policy;
- AML/CTF Program.

22. Contact

Questions or disclosures relating to conflicts of interest should be directed to:

Compliance Manager
Spec Capital Group Pty Ltd
21/26a Lime St,
Sydney NSW 2000
Australia

Email: **compliance@speccapitalgroup.com**
Website: **www.speccapitalgroup.com**