



**DAMAN  
VIRTUAL**

*Daman Virtual*

**CONFLICTS OF INTEREST POLICY**

*Version: V1.0*





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## *Document Control*

### *Review and App*

<i>Responsibility</i>	<i>Name</i>	<i>Role</i>	<i>Sign Off</i>
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### *Version History*



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## 1. PURPOSE

*This Conflicts of Interest Policy applies to all dealing activities by employees of Daman Virtual (herein referred to as “Daman”, “the Firm”, “the Company”, “we,” or “our”). This Conflict of Interest Policy covers all products and dealing with activities within the Firm and its related entities (‘Group’).*

## 2. SCOPE

*As mandated by VARA, all licensed Virtual Asset Services Providers (VASPs) are required to identify, manage, record, and monitor conflicts of interest. Accordingly, the Firm has adopted this Manual to assist management and employees in recognizing potential conflicts of interest and to outline the steps the Firm will take, including effective organizational and administrative arrangements, to prevent or manage such conflicts.*

*This Policy is aligned with the following VARA Rulebooks and Legislation:*

- Company Rulebook*
- Compliance and Risk Management Rulebook*
- Market Conduct Rulebook*
- Virtual Assets and Related Activities Regulations 2023.*

## 3. POLICY STATEMENT

*This Policy applies to all employees of the Company, including Board members and senior executive officers. Employees are expected to use this Policy to guide their conduct and ensure adherence to any fiduciary obligations related to customer custodial accounts they manage. This Policy should be reviewed in conjunction with Daman's Compliance Manual, Anti-Bribery and Corruption Policy, Outsourcing Policy, and applicable policies for affiliated companies. The Policy is intended for use and reference by all employees of the Company.*



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#### 4. CONFLICTS OF INTEREST

*The Firm shall use all reasonable efforts to avoid conflicts of interest between any of the following:*

- *their Group;*
- *the Firm;*
- *their Board;*
- *their Staff;*
- *their clients; and/or*
- *their investors.*

*If, despite these efforts, a conflict of interest cannot be avoided, the Firm must disclose the conflict to the affected clients and ensure they are treated fairly.*

*If the Firm, a Board member, or any Staff member has an interest that could reasonably impair their objectivity in a transaction or relationship that creates an actual or potential conflict of interest, the Firm shall:*

- *promptly disclose the nature of the conflict to the affected client; and*
- *manage and minimize the conflict by adopting appropriate measures to ensure fair treatment of the affected client, including the establishment of "Chinese Walls" to separate Staff into different teams.*

*The Firm shall develop and implement written internal policies and procedures for identifying, managing, or resolving actual or potential conflicts of interest. A special register for conflicts of interest shall be maintained, detailing the conflicts and the measures taken to address them.*

*When a Board member discloses a material interest in a transaction, the remaining Board members present at the meeting shall determine whether it is appropriate for the conflicted member to continue participating. If the Board decides it is not appropriate, the conflicted member may be asked to leave*



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*the meeting. The conflicted member shall not influence decisions, and the Board shall not vote on the matter. The Company Secretary shall record the conflict in the Board minutes.*

*If the Firm represents itself as independent when conducting Virtual Assets Activities:*

- a. it shall not receive fees, commissions, or any benefits (directly or indirectly) from any entity other than the end client in relation to the services provided; and*
- b. it shall not maintain close links or other legal or economic relationships with third parties that could impair their independence or favor a particular third party in the provision of services.*

## **5. LOANS TO THE BOARD AND STAFF**

*The Firm must notify VARA and obtain approval before making any loan to a Board member, Senior Management, or Responsible Individual. The notification shall include:*

- a. the name of the recipient;*
- b. the loan amount; and*
- c. the purpose of the loan.*

## **6. TRANSACTIONS WITH RELATED PARTIES**

*The Firm shall not enter transactions with any Related Party without prior written consent from the Board if the transaction value exceeds five percent (5%) of the Firm's issued share capital. Any significant changes to the terms of such transactions require further Board approval.*

*The Related Party involved in the transaction shall not participate in the Board's decision-making process regarding the transaction.*

*Entities liable for damages resulting from unfair or conflicted transactions with Related Parties include:*

- a. the Related Party involved in the transaction; and*



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*b. the Board if the decision was made by consensus.*

*If the decision was made by a majority of the Board, dissenting members who recorded their objections in the minutes shall not be held liable. Absent Board members are responsible unless they can prove they were unaware of the decision or unable to object.*

*When entering a transaction with a Related Party:*

*a. the Board must provide VARA with prior notice, identifying the Related Party and detailing the transaction, including its nature and benefits, along with written confirmation that the terms are fair and reasonable;*

*b. clients and shareholders shall be allowed to review company records and documents related to the transaction; and*

*c. VARA, clients, or shareholders may take legal action to compel disclosure of information, seek cancellation of the transaction, and demand the return of profits or benefits gained by the Related Party.*

*The Firm shall maintain a register of transactions with Related Parties, recording the names of the Related Parties, relevant transactions, and actions taken.*

*In addition to the above, the Firm shall report all transactions with Related Parties to VARA monthly or upon request, including transaction details.*

## **7. INSIDER LISTS**

*The Board shall implement rules to govern and monitor transactions by Board members and Staff to ensure compliance with Regulations and the Market Conduct Rulebook.*

## **8. INSIDER TRANSACTIONS**

*The Firm must maintain complete and up-to-date Insider Lists of all entities, including Board members, Staff, Group members, advisors, accountants, or third-party agents, who have or may have access to*



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*Inside Information. Insider Lists shall be updated if the information remains Inside Information and retained for at least eight (8) years.*

*The Insider List shall include:*

- a. the identity of entities with access to Inside Information;*
- b. the reason for their inclusion;*
- c. the date and time they obtained access; and*
- d. the date the Insider List was created.*

*Updates to the Insider List shall be made promptly when:*

- a. there is a change in the reason for an entity's inclusion;*
- b. a new entity gains access to Inside Information; or*
- c. an entity no longer has access to Inside Information.*

*The Firm shall ensure that all entities on the Insider List acknowledge their legal and regulatory duties and are aware of the sanctions for Insider Dealing and unlawful disclosure of Inside Information.*

## **9. BOARD AND STAFF POSITIONS**

*It is the policy of Daman that no employees, executive staff, Board members, or any individuals affiliated with Daman Virtual, Daman Securities, Daman Markets, or Daman Investments may be onboarded as clients.*

*From time to time, certain individuals may receive introductory fee commissions as part of business development and marketing efforts. However, these individuals are strictly prohibited from opening accounts or engaging in trading activities on the platform unless explicitly authorised by a Board resolution.*

*If the Firm believes a Board member or staff member has caused or is likely to cause a conflict of interest, it shall take necessary actions to resolve the conflict, and where necessary take disciplinary action to remove the Board member or terminate employment of a staff member.*



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*The Firm shall notify all Board members and staff of their obligations under the Market Conduct Rulebook in writing before they commence employment.*

## **10. TRADING ON OWN ACCOUNT**

### *General Prohibition*

*The Firm is prohibited from actively investing in its own or its Group's portfolio of Virtual Assets or other assets. However, this prohibition does not apply to transactions conducted for the prudent management of Net Liquid Assets required by the Firm. Full records of such transactions must be maintained for eight (8) years.*

*VARA has sole discretion to determine whether the Firm's transactions constitute active investing, considering factors such as transaction frequency, volume, nature, and profits generated.*



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*Group Entities*

*All entities in the Emirate, including those within the same Group as the Firm, must comply with Virtual Assets and Related Activities Regulation IV.A.7 (if applicable).*

<u>Regulation IV.A.7 Mandatory registration for large proprietary traders.</u>	
<i>a</i>	<i>Any Entity in the Emirate that actively invests its own portfolio in Virtual Assets at or above USD 250,000,000 equivalent value of Virtual Assets during any rolling thirty [30] calendar days period, must register with VARA, in accordance with the registration process prescribed by VARA from time to time, prior to investing at, or in no event later than three [3] Working Days of having invested, such volume.</i>
<i>b</i>	<i>Registration under Regulation IV.A.7.a does not permit any Entity to carry out any Virtual Assets Activity[ies] in the Emirate and/or constitute any authorisation or Licence from VARA for any business or activities that Entity carries out and Regulations III and IV.A.1 shall apply at all times.</i>
<i>c</i>	<i>An Entity investing its own portfolio does not permit accepting or trading Virtual Assets belonging to another Entity.</i>

*Irrespective of the applicability of Rule 1 from Group Entities above, the Firm must comply with the reporting requirements set out in the Compliance and Risk Management Rulebook in respect of all Entities in their Group that actively invest their own, or the Group's portfolio of Virtual Assets or any other assets.*