

# Representatives Policy

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4XHub Ltd

Company:	4XHub Ltd
Registration No:	LL16731
License No:	MB/20/0055
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## TABLE OF CONTENTS

<b>SECTION A – INTRODUCTION</b> .....	<b>4</b>
1. INTRODUCTION .....	4
2. WHO ARE 4XHUB’S REPRESENTATIVES? .....	4
3. WHEN DOES THIS POLICY APPLY?.....	4
<b>SECTION B – REPRESENTATIVES</b> .....	<b>4</b>
4. APPOINTMENT OF REPRESENTATIVES.....	4
5. APPOINTMENT OF AUTHORISED REPRESENTATIVES.....	5
6. APPOINTMENT OF BODY CORPORATE AUTHORISED REPRESENTATIVES (“CAR”).....	6
7. INDUCTION OF AUTHORISED AND SUB-AUTHORISED REPRESENTATIVES .....	6
8. REMOVAL OF REPRESENTATIVES AND AUTHORISED REPRESENTATIVES.....	7
9. CHANGING THE DETAILS OF REPRESENTATIVES AND AUTHORISED REPRESENTATIVES .	7
<b>SECTION C – MONITORING AND SUPERVISION</b> .....	<b>7</b>
10. RISK-BASED APPROACH TO MONITORING AND SUPERVISION OF REPRESENTATIVES .....	8
11. MONITORING REPRESENTATIVES .....	8
12. SUPERVISION OF REPRESENTATIVES .....	9
13. MONITORING AUTHORISED REPRESENTATIVES .....	9
<b>SECTION D – CONCLUSION</b> .....	<b>11</b>
14. REVIEW PROCESS .....	11
15. AUDITS AND RECORDS.....	11
<b>APPENDIX 1 – BODY CORPORATE/AUTHORISED REPRESENTATIVE COMPLIANCE DECLARATION</b> .....	<b>13</b>
<b>ANNEXURE A TO BODY CORPORATE/AUTHORISED REPRESENTATIVE COMPLIANCE DECLARATION</b> .....	<b>14</b>
<b>APPENDIX 2 - CHECKLIST FOR APPOINTING AUTHORISED AND SUB-AUTHORISED REPRESENTATIVES</b> .....	<b>15</b>
<b>APPENDIX 7 - AUTHORISED REPRESENTATIVE ONBOARDING INTERVIEW</b> .....	<b>16</b>
<b>APPENDIX 8 - TELEPHONE CALL MONITORING TEMPLATE</b> .....	<b>18</b>

## VERSION CONTROL

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Version Number	Date Updated	Notes
1	August 2021	Original document prepared and finalised in consultation with Sophie Grace Pty Ltd.
2	September 2021	Updated in consultation with Sophie Grace Pty Ltd.
3	November 2021	Updated as Labuan company's compliance policies
4	November 2022	Revised by Marcus Tan & Co. for Labuan

## **SECTION A – INTRODUCTION**

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### **1. INTRODUCTION**

- 1.1 This Representatives Policy (“**Policy**”) outlines 4XHub Ltd’s (“**4XHub**”) policies and procedures for the appointment, supervision and training of 4XHub’s representatives (including authorised representatives).
- 1.2 This Policy has been developed in accordance with 4XHub’s Labuan Financial Services Authority (“**LFSA**”) Licence. This Policy outlines measures to ensure ongoing compliance with the monitoring, supervision, and training requirements of representatives outlined in the guidelines issued pursuant to Labuan Financial Services and Securities Act 2010

### **2. WHO ARE 4XHUB’S REPRESENTATIVES?**

- 2.1 Any person who acts on 4XHub’s behalf in relation to the provision of financial services are 4XHub’s representatives. This includes:
  - (a) 4XHub’s employees and directors;
  - (b) 4XHub’s authorised representatives; and
  - (c) any other person acting on 4XHub’s behalf.
- 2.2 Authorised representatives are persons, other than directors and employees appointed by 4XHub, who engage in the provision of financial services on 4XHub’s behalf.

### **3. WHEN DOES THIS POLICY APPLY?**

- 3.1 This Policy applies to all representatives of 4XHub at all times, and the requirements remain in force on an ongoing basis.

## **SECTION B – REPRESENTATIVES**

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### **4. APPOINTMENT OF REPRESENTATIVES**

- 4.1 This section relates to the appointment of representatives who provide financial services on behalf of 4XHub:
  - (a) prior to the appointment of any representatives, 4XHub must complete the following:
    - (i) obtain copies of the representative’s professional resume, review the resume and conduct at least one reference check to confirm relevant experience;
    - (ii) obtain copies or other evidence of qualifications;
    - (iii) obtain evidence of any other accreditations or professional memberships held by the representative;
    - (iv) conduct an interview in accordance with Appendix 7;
    - (v) perform a search on LFSA’s registers to determine the existence of any banning orders or existing appointments to other licensees;

- (vi) perform or review a Members' check;
- (vii) perform a bankruptcy check; and
- (viii) be satisfied the proposed representative is suitably qualified and experienced.

4.2 All representatives be appointed by written agreement which must address, but is not limited to the following:

- (a) remuneration arrangements;
- (b) dispute resolution;
- (c) termination;
- (d) obligation for the representatives to advise 4XHub if they are currently, or are later, appointed as an authorised representative of another LFSA Licensee; and
- (e) outline any restrictions on the representative's ability to provide financial service activities based on their education, experience and checks.

4.3 The attached register contains a summary of the checks required to appoint a representative. This register must be completed upon the appointment of each new representative.

## **5. APPOINTMENT OF AUTHORISED REPRESENTATIVES**

5.1 If a proposed authorised representative is associated with an unrelated LFSA license holder (e.g. through their appointment as an authorised representative, director or employee of an unrelated LFSA license holder), then 4XHub must also do the following (in addition to the requirements in section 4) when appointing such a representative:

- (a) appoint the representative as an "authorised representative". In such situations, 4XHub must:
  - (i) obtain consent to the appointment from the other unrelated LFSA license holders;
  - (ii) if required, provide a consent to other LFSA license holders for the existing appointments of the representative; and
  - (iii) complete the steps outlined in Appendix 2.

5.2 The Compliance Officer must notify LFSA of the appointment of any authorised representative by submitting the required notification via the LFSA's portal within thirty (30) business days of the appointment.

5.3 LFSA notification is not required for a representative who is not an "authorised representative" unless the representative provides personal advice to clients. All representatives who provide personal advice must be appointed by 4XHub as financial advisers on the LFSA's portal.

5.4 Upon appointment, the authorised representative must sign the Compliance Declaration contained in Appendix 1. The original declaration is given to 4XHub and a copy kept by the representative.

## **6. APPOINTMENT OF BODY CORPORATE AUTHORISED REPRESENTATIVES (“CAR”)**

- 6.1 Where an authorised representative is a body corporate, it may sub-authorise individuals to provide financial services on its behalf.
- 6.2 Any sub-authorisation of individuals requires the written consent of 4XHub which must be obtained prior to each individual appointment.
- 6.3 For each sub-authorised individual, 4XHub is required to be provided with a copy of the searches and any other document required to be obtained for the appointment of an authorised representative pursuant to Appendix 2.
- 6.4 The Compliance Officer must notify LFSA of the appointment of any sub-authorised representative by submitting the required notification via the LFSA’s portal within thirty (30) business days of the appointment.
- 6.5 4XHub may revoke the appointment of any sub-authorised individual at any time by written notice to the individual and the body corporate authorised representative.
- 6.6 The body corporate authorised representative is responsible for the payment of all remuneration, superannuation, benefits and any other work-related expenses or requirements payable to its sub-authorised individuals.
- 6.7 The body corporate authorised representative must ensure all sub-authorised individuals perform, observe and comply with all of the obligations contained in the written agreement appointing the body corporate authorised representative.
- 6.8 Upon appointment, the Director of the body corporate authorised representative must sign the Compliance Declaration contained in Appendix 1. The original declaration is given to 4XHub and a copy kept by the body corporate authorised representative.

## **7. INDUCTION OF AUTHORISED AND SUB-AUTHORISED REPRESENTATIVES**

- 7.1 This section relates to the onboarding process of authorised and sub-authorised representatives who provide financial services on behalf of 4XHub:
  - (a) Once an authorised or sub-authorised representative is appointed, 4XHub must complete the following:
    - (i) use the LFSA’s portal to add the authorised or sub-authorised representative;
    - (ii) setup website tracking software to make sure the authorised or sub-authorised representative later does not make changes to its website without the changes being approved first using the marketing material check list;
    - (iii) add Google alerts to monitor for content, including:
      - (A) AR name;
      - (B) AR representative number;
      - (C) Sub-authorised representative names;
      - (D) Sub-authorised representatives LFSA number;

- (E) 4XHub; and
  - (F) 4XHub's Registration number: LL16731.
- (iv) set up monthly compliance reviews and quarterly compliance meetings into calendar;
  - (v) setup the registers and policy guides for the authorised representative;
  - (vi) use the relevant authority's website to setup business shareholding and directorship tracking;
  - (vii) provide copies of, or access to, relevant office manuals and procedures; and
  - (viii) allocate a person from 4XHub to conduct formal training.

## **8. REMOVAL OF REPRESENTATIVES AND AUTHORISED REPRESENTATIVES**

- 8.1 The termination of the appointment of a representative (including any authorised representative or sub-authorised representative) must occur in accordance with the written agreement referred to in section 4.2.
- 8.2 The Compliance Officer must notify LFSA of the cessation or removal of an authorised representative or sub-authorised representative by submitting the required notification via the SMS portal within thirty (30) business days (and ensuring the change is recorded in 4XHub's records).
- 8.3 LFSA notification is not required for a representative who is not an "authorised representative" unless the representative provides personal advice to clients and has been appointed by 4XHub as a financial adviser.

## **9. CHANGING THE DETAILS OF REPRESENTATIVES AND AUTHORISED REPRESENTATIVES**

- 9.1 Each representative (including an authorised representative or sub-authorised representative) must notify the Compliance Officer of any change in their details, such as residential address or principal business address within five (5) business days.
- 9.2 The Compliance Officer must arrange for 4XHub's records to be updated following the receipt of the amended details.
- 9.3 The Compliance Officer must notify LFSA of any such change, including the authorisations of the authorised representative or sub-authorised representative by submitting the required notification via the SMS portal within thirty (30) business days after the change occurred (and ensure the change is recorded in 4XHub's records).
- 9.4 SMS notification is not required for a representative who is not an "authorised representative" unless the representative provides personal advice to clients and has been appointed by 4XHub as a financial adviser.

## **SECTION C – MONITORING AND SUPERVISION**

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## **10. RISK-BASED APPROACH TO MONITORING AND SUPERVISION OF REPRESENTATIVES**

10.1 To effectively and efficiently monitor and supervise 4XHub's representatives, a risk-based approach is adopted which focuses on representatives who require additional supervision in order to minimise risks faced by 4XHub.

10.2 The below is a list of risk indicators which the Compliance Officer takes into account when determining whether a representative requires additional monitoring or supervision:

- (a) any concerns held by the Compliance Officer or Director in relation to the representative's behaviour;
- (b) any personal conflict of interests of the representative;
- (c) the representative's compliance with internal compliance policies;
- (d) whether the representative is client facing and provides personal advice;
- (e) any instances of the provision of improper advice or otherwise false or misleading information to clients or potential clients;
- (f) whether the representative conducts their duties offsite or in remote locations;
- (g) any previous complaints received by 4XHub in relation to the provision of financial services by the representative; or

whether the representative has attended prior training conducted by 4XHub.

## **11. MONITORING REPRESENTATIVES**

11.1 The Compliance Officer adopts a risk-based approach in monitoring the activities of all representatives involved in the provision of financial services by:

- (a) meeting with representatives to determine compliance with their duties under their agreement;
- (b) performance reviews of representatives including a review of each representative's:
  - (i) client files;
  - (ii) telephone calls - documented according to Appendix 8; and
  - (iii) written correspondence with clients;
- (c) where appropriate, representatives may be required to provide written reports about the status of work performed;
- (d) review of business documents, including letterheads and business cards, issued by representatives to ensure:
  - (i) proper disclosure of their role and authority; and

- (ii) the representative is not creating the impression they are conducting a financial services business in their own right;
- (e) review of promotional material issued by the representative to ensure it complies with the relevant laws and regulations;
- (f) review of the following registers maintained by the representatives:
  - (i) Complaints register;
  - (ii) Breaches and Incidents register; and
  - (iii) Conflicts of Interest register.

11.2 The Compliance Officer conducts monitoring activities on at least a quarterly basis, however more frequent monitoring may be conducted in accordance with the risk-based approach adopted by 4XHub.

11.3 A report is produced by the Compliance Officer in respect of the monitoring procedures undertaken in accordance with section 11.1 and provided to the Director for review and action where required.

## **12. SUPERVISION OF REPRESENTATIVES**

12.1 The purpose of supervising representatives is to improve the representatives' knowledge and skills. 4XHub's supervision activities for representatives may include any of the following:

- (a) compliance audits from time to time by the Compliance Officer or an external consultant;
- (b) regular meetings;
- (c) a review of a sample of entries in the client database;
- (d) a review of a sample of client telephone calls documented according to Appendix 8; and
- (e) progress meetings for project related works, e.g. implementation of new processes or systems.

12.2 If any aspect of the representative's performance is found not to be of a fit and proper criteria, then:

- (a) further training may be provided; or
- (b) if appropriate, the representative may be disciplined, or their appointment suspended or terminated.

For the purposes of this section, a "fit and proper" is one that at least facilitates compliance with 4XHub's LFSSA and any other relevant legislation or regulations.

12.3 Additional training may also be provided to the representative to improve the representative's knowledge and skills.

## **13. MONITORING AUTHORISED REPRESENTATIVES**

13.1 The Compliance Officer, in consultation with the Director, monitors the activities of all authorised representatives (including corporate authorised representatives and sub-authorised representatives) (“AR”) involved in the provision of financial services by conducting a variety of reviews, as detailed in the table below:

Monitoring Activity	Frequency	Responsibility
Compliance meetings and other meetings with AR and 4XHub	Quarterly	Compliance Officer
AR client file & KYC reviews	Quarterly	Compliance Officer
AR marketing materials – ARs are required to complete a marketing checklist and provide copies of the marketing material to the Compliance Officer before making it public	Quarterly and ad hoc	Compliance Officer
AR websites – use website monitoring software that automatically tracks website changes	Hourly (automatic)	Compliance Officer
AR surveillance – 4XHub is added [with management functionality/as owner] to all client databases and lists to receive all correspondence sent to the clients. The correspondence is compared to the marketing material and consistency is to be ensured.	Ad hoc	Compliance Officer
AR email, chat and communication portals	Quarterly	Compliance Officer
AR’s Breaches Register	Monthly	Compliance Officer
AR’s Complaints Register	Monthly	Compliance Officer

AR's Conflicts of Interest Register	Monthly	Compliance Officer
Marketing/Promotional material and changes to website	Monthly (or as new material is released)	Compliance Officer
AR social media accounts	Monthly (or as new material is released)	Compliance Officer
Review Google Alerts received	Monthly (or as new material is released)	Compliance Officer
Renew police checks	Yearly	Compliance Officer
Renew bankruptcy check	Yearly	Compliance Officer
CPD training	Quarterly	Compliance Officer

13.2 A report is produced by the Compliance Officer in respect of the monitoring procedures undertaken in accordance with section 13.1 and provided to the Director for review and action where required.

## **SECTION D – CONCLUSION**

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### **14. REVIEW PROCESS**

14.1 This Policy is reviewed regularly by the Compliance Officer, in conjunction with an external compliance consultant (if required), having regard to the changing circumstances of 4XHub, any relevant regulatory changes and to ensure the procedures in place to monitor, supervise and train representatives are adequate. Any changes to this Policy are advised to all representatives at the time.

14.2 The Compliance Officer must undertake the following reviews:

- (a) Appointment and removal of representatives – annual review to confirm the procedures to appoint or remove a representative have been performed in accordance with sections 4 to 6 and 8.
- (b) Monitoring and supervision – annual review to confirm representatives were adequately monitored and supervised in accordance with sections 10 to 14.

### **15. AUDITS AND RECORDS**

15.1 The policies and procedures outlined in this Policy must be audited as part of any 4XHub's compliance audit.

15.2 All records of these audits and any other records in relation to this Policy must be kept for seven (7) years, or as otherwise stipulated in the 4XHub's Document Retention Policy.

Issued by 4XHub Ltd

November 2022

**APPENDIX 1 – BODY CORPORATE/AUTHORISED REPRESENTATIVE COMPLIANCE DECLARATION**

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***[INSERT CAR/AR NAME] COMPLIANCE DECLARATION***

The [Insert AR name/CAR position title] is responsible for implementing and overseeing 4XHub Ltd's Compliance Program. The [Insert AR name/CAR position title] is/are familiar with the Policies and Procedures that are relevant to their circumstances.

<b>Date</b>	
<b>Name</b>	
<b>Position</b>	

I provide the following confirmations with respect to the performance of my obligations under 4XHub Ltd's ("**the Licensee**") Compliance Program and Policies and Procedures as listed in **Annexure A** below:

1. I have read and understood the Licensee's Labuan Financial Services ("LFSA") Licence authorisations;
2. The financial services provided by [Insert AR name/CAR name] will be provided in accordance with the LFSA license and the financial services laws;
3. I will meet my obligations under the Licensee's Compliance Program including compliance policies, procedures, monitoring and reporting activities applicable to [Insert AR/CAR name].
4. All compliance breaches, if any, will be reported as required by the Licensee's Breaches and Incidents Reporting Policy;
5. All complaints received, if any, will be reported immediately to the Licensee; and
6. [Insert AR/CAR name] will at all times meet LFSA's financial obligations as required by the Licensee's LFSA and the financial services law.

Signature:

Date:

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## **ANNEXURE A TO BODY CORPORATE/AUTHORISED REPRESENTATIVE COMPLIANCE DECLARATION**

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### ***4XHub Ltd's Compliance Program***

1. 4XHub's AML/CTF Policy and Risk Matrix;
2. 4XHub's Authorised representative Manual;
3. 4XHub's Breaches and Incidents Reporting Policy and Register;
4. 4XHub's Complaints Register;
5. 4XHub's Compliance Calendar;
6. 4XHub's Compliance Plan;
7. 4XHub's Conflicts of Interest Policy and Register;
8. 4XHub's Design and Distribution Policy;
9. 4XHub's Document Retention Policy;
10. 4XHub's External Service Provider Register;
11. 4XHub's Financial Checklist;
12. 4XHub's HR Register;
13. 4XHub's Insider Trading Policy;
14. 4XHub's Dispute Resolution Policy;
15. 4XHub's Marketing Checklist;
16. 4XHub's Outsourcing Policy;
17. 4XHub's Personal Dealing Policy;
18. 4XHub's Representatives Policy and Register;
19. 4XHub's Responsible Manager Policy;
20. 4XHub's Risk Management Policy and Risk Assessment and Management Matrix;
21. 4XHub's Privacy Policy;
22. 4XHub's Privacy Statement;
23. 4XHub's Target Market Determination;
24. 4XHub's Training Policy and Register.

## **APPENDIX 2 - CHECKLIST FOR APPOINTING AUTHORISED AND SUB-AUTHORISED REPRESENTATIVES**

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Prior to the appointment of authorised and sub-authorised representatives, 4XHub and/or the CAR must complete the following:

- obtain an application form and a written acknowledgement and declaration of the truth and accuracy of the information provided in respect of their application;
- obtain copies of the professional resume and review the resume to confirm relevant experience;
- obtain copies of identification documents and perform a 100 point Identification Check;
- obtain copies or other evidence of qualifications;
- obtain evidence of any other accreditations or professional memberships held by the representative;
- conduct an interview in accordance with Appendix 7;
- perform a search on LFSA's registers to determine the existence of any banning orders or existing appointments to other licensees;
- perform a search on LFSA's professional registered agent's portal to confirm the name and details of the Directors and Shareholders of the authorised or sub-authorised representative;
- conduct a review of the authorised or sub-authorised representative's website;
- conduct a review of the authorised or sub-authorised representative's marketing materials;
- conduct a general interest internet search, including on social media platforms and professional networking sites;
- obtain evidence to show that PI insurance is in place on either 4XHub's policy or the authorised or sub-authorised representative's own policy;
- create disclosure documents (e.g. Product Disclosure Statement & Terms);
- create disclaimers and guides;
- perform or review on police check;
- perform a bankruptcy check; and
- be satisfied the proposed authorised or sub-authorised representative is suitably qualified and experienced.

## APPENDIX 7 - AUTHORISED REPRESENTATIVE ONBOARDING INTERVIEW

Representative name	[insert name]
Reviewer	[insert name]
Date of review	[insert date]
Understands <b>nature of financial products being advised/dealt with?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>wholesale vs retail clients?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>AML/CTF concepts</b> including: <ul style="list-style-type: none"> <li>• <b>KYC requirements</b></li> <li>• <b>Suspicious matters?</b></li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>complaints</b> handling processes?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>conflicts of interest</b> processes?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>insider trading and market manipulation</b> processes?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>privacy</b> requirements when dealing with customer information?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: <hr/>
Understands <b>consent</b> requirements when contacting	<input type="checkbox"/> Yes <input type="checkbox"/> No

customers to sell or issue financial products?	Notes: _____
Satisfactory to be appointed as an authorised or sub-authorised representative?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____
Reviewer	[insert signature]

**APPENDIX 8 - TELEPHONE CALL MONITORING TEMPLATE**

Representative name	[insert name]	
Caller name	[insert name]	
Date of the call	[insert date]	
Time of the call	[insert time]	
New or existing client	<input type="checkbox"/> New client <input type="checkbox"/> Existing client Notes: _____	
<b>If the caller was a new client:</b>	<b>Was the new client procedure followed?</b> <ul style="list-style-type: none"> <li>• AML/CTF &amp; privacy forms,</li> <li>• FSG provided before financial service is provided (unless time-critical),</li> <li>• PDS/Terms and Conditions provided, or made available in compliance with LFSA’s digital disclosure requirements?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____
	Was the client properly classified as <b>retail or wholesale</b> , and evidence included on file (e.g. accountant’s certificate, if wholesale)?	
	Did the client seem to <b>sufficiently understand the product</b> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____
<b>If the caller was an existing client, was the client appropriately identified?</b>  Security procedures to ensure caller is the account holder	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____	
Content of the call	Notes: _____ _____ _____	

Advice Provided	<input type="checkbox"/> Fact <input type="checkbox"/> General <input type="checkbox"/> Personal Notes: _____	
Was there any <b>suspicious action</b> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____	
Was there any <b>inappropriate coercion</b> ? Has the staff member inappropriately encouraged client to deposit or trade?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____	
Reviewer name	[insert name]	
Reviewer Comment	Notes: _____ _____ _____	
Evidence of representative acting <b>outside authority</b> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____	
Evidence of representative <b>NOT</b> acting <b>honestly, efficiently and fairly</b> ?  “Honestly” includes being <i>honest</i> in only providing services to jurisdictions where licensees are legally allowed to.  “Fairly” includes being <i>fair</i> in the way that pricing and slippage are calculated.	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____ _____ _____	
Evidence of <b>churning</b> products?	<input type="checkbox"/> Yes <input type="checkbox"/> No Notes: _____	