

## Conflicts of Interest policy

### **1. Introduction**

The purpose of this Policy is to specify the procedures put in place by Tradernet Ltd (hereinafter referred to as the “Company”), a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 219/13, located at Vasileos Georgiou A, 35-35R Y&K PAPAS, Office 35E, Limassol, 4040, Cyprus, for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interests arising in relation to its business and to reduce the risk of client disadvantage and of legal liability, regulatory censure or damage to Company’s commercial interests and reputation and to ensure that it complies with legislative requirements and the departmental and general procedures which are set by its Internal Procedures Manual (‘IPM’).

### **2. Legal Framework**

This Conflict of Interest Policy is issued pursuant to, and in compliance with the requirements of:

- Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended from time to time (“MiFID II”);
- the Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets and other related matters, as amended from time to time (the “Law”);
- the Commission Delegated Regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- Section 2 of the Questions and Answers of the European Securities and Markets Authority (“ESMA 35-36-794”) with respect to the provision of CFDs and other speculative products to retail investors under MiFID.

In accordance with the Commission Delegated Regulation (EU) 2017/565, CIFs are required to establish, implement and maintain an effective conflict of interest policy set out in writing and appropriate to the size and organisation of the CIF and the nature, scale and complexity of its business.

In addition, according to the Investment Services Activities and Regulated Market Law No. 87(I)/2017, CIFs must take all appropriate steps to identify conflicts of interest between itself, including its managers and employees, tied agents (where applicable) or other relevant persons, as well as any person directly or indirectly linked to them by control, and their clients or between one client and another, that arise in the course of providing any investment and ancillary services, including those caused by the receipt of inducements from third parties or by the Company’s own remuneration and other incentive structures.

In this respect, CIFs must establish adequate policies and procedures sufficient to ensure compliance, including its managers, employees, tied agents (where applicable) and other relevant person(s), with its

obligations pursuant to the Law and the directives issued pursuant to this Law, as well as appropriate rules governing personal transactions by such persons.

### **3. Scope**

The Policy applies to all its directors (whether Executive or Non-Executive), employees and any persons directly or indirectly linked to the Company (hereinafter called “relevant persons”) and refers to all interactions with all Clients.

Relevant person in relation to the Company means:

- a. a member of the board of directors, partner or equivalent, manager or tied agent of the Company
- b. a member of the board of directors, partner or equivalent, or manager of any tied agent of the Company
- c. an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities
- d. a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities

Company’s Conflict of Interest Policy sets out how:

- a. The Company will identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to its Clients’ interests.
- b. The Company has established appropriate mechanisms and systems to manage those conflicts, and
- c. The Company maintains systems designed to prevent damage to its Clients’ interests through identified conflicts.

### **4. Potential Sources of Conflicts of Interest**

Taking into consideration the services the Company offers, potential Conflict of Interest circumstances may include, but are not limited to:

- a. Reception and transmission of orders;
- b. Execution of orders;
- c. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.

A potential Conflict situation may occur in an instance where the Firm finds itself at the center of multiple interests which may oppose each other. Such cases may arise between:

- a. Client-Firm Conflicts;
- b. Client-Client Conflicts;
- c. Employee-Client Conflicts;
- d. Employee-Firm Conflict;
- e. Client - Third Party Conflicts related directly or indirectly to the Company;
- f. Firm - Third Party Conflicts related directly or indirectly to the Company.

Taking into consideration the services the Company offers, potential Conflict of Interest circumstances may include, but are not limited to the following:

- a. The Company or a company of the Company's group may engage in business and trading activities for its own account (where applicable) and/or Client accounts whilst other Clients are active in relevant markets at the same time;
- b. A transaction is effected in financial instruments in respect of which the Company or a company of the Company's group, or its director or employee is contemporaneously trading or has traded on its own account (where applicable) or has either a long or short position;
- c. The Company or Relevant Person receives substantial gifts or entertainment (including non-monetary inducements) that may influence behaviour in a way that conflicts with the interest of the Client of the Company;
- d. A transaction is effected in financial instruments in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a client, and/or Company may also be remunerated by the counterparty to any such transaction;
- e. A director or employee of the Company is a director of a fund and or any company which is a client of the Company;
- f. A transaction is effected in financial instruments issued by an affiliated company or the client or customer of an affiliated company
- g. The Company may act as agent for a client in relation to transactions in which it is also acting as agent for the account of other customers and/or Group companies;
- h. The Company acting as agent for the Client, matches an order of the Client with an order of another customer for whom it is acting as agent;
- i. A transaction is effected in securities issued by an affiliated Company or the client or customer of an affiliated Company;
- j. The Company deals on behalf of the client with, or in the securities of, an affiliated Company;
- k. A transaction is effected in units or shares of connected investment trusts or unit trusts or open ended investment companies or of any Company of which the Company or an affiliated Company is the manager, authorised corporate director, operator, banker, adviser, custodian, administrator, trustee or depositary;
- l. Introducing agents may have other interests than the Company and/or their clients;
- m. White Label Partners may have other interests than the Company and/or their clients;

- n. Representatives/ Introducing agents of the Company may be aware of large client orders to acquire or dispose of a large quantity of a particular financial instrument and either the Company or its representatives/Introducing agents purchase (or sell) the financial instrument beforehand.

## **5. Identification of Conflicts of interest**

The Company takes adequate steps to properly identify Conflicts of Interest. For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a client, the Company takes into account the question of whether the Company or a relevant person, or a person directly or indirectly linked by control to the Company, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- a) Is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- b) 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;
- c) Has a financial or other incentive to favour the interest of one Client over another;
- d) Carries on the same business as the Client;
- e) Receives from a person other than a Client an inducement in relation to a service provided to a Client, in the form of monies, goods or services, other than the standard commission or fee for that service;

## **6. Managing Conflicts of Interests**

The Company establishes implements and maintains effective organisational and administrative procedures to manage and prevent any identified conflicts of interest which may damage the interests of the clients according to the size and organisation of the Company, the nature, scale and complexity of its business. These controls and measures are key to ensuring that potential Conflicts, once identified, are effectively managed and, where necessary, resolved in a timely manner. These include:

- a) Information Barriers and adopting a "Need to Know Basis" approach to information.
- b) Maintaining appropriate Chinese Walls and in some cases where it might apply, installing temporary information barriers for specific transactions.
- c) Independent Review and Oversight.
- d) Specific controls and restrictions related to: Research, Sales and Trading, Investment Banking, Personal Investments, Outside Business Activities, Gifts and Entertainment, potential Inducements Monitoring, and Order Management Systems.
- e) Training of employees: that may include face-to-face, computer based training or the issuance of Compliance notices.
- f) Remuneration policy designed to remove any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by,

different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities

- g) Official table of charges, fees and commissions

## **7. Information barriers**

The Company respects the confidentiality of information it receives about its Clients and operates a “Need to Know” approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client of the Company.

The Company has established and operates internal organisational arrangements to avoid conflicts of interest by controlling, managing or restricting as deemed appropriate the flow of confidential information between different areas of business or within a specific division or department. In particular, Chinese Walls are a key tool for conflict of interest prevention avoiding insider dealing and market manipulation risks. Chinese Walls can involve separation of premises, personnel, reporting lines, files and IT--systems and controlled procedures for the movement of personnel and information between the Company and any other part of the Company Group. The Company maintains permanent information barriers between different departments.

## **8. Policies and procedures**

The Company has developed and implemented policies and procedures throughout its business to prevent or manage potential conflicts of interests. Its employees receive guidance and training in these policies and procedures, and they are subject to monitoring and review processes.

## **9. Separate supervision/functions**

There is a clear distinction between the different departments’ operations. Two departments or businesses will be managed by different senior staff members, if running them under supervision of one person, may create conflicts of interest. In this way it is secured that no single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized. Furthermore, the four eyes principle in supervising the Company’s activities will be established.

## **10. Pay**

Pay and bonuses are linked to the profits of the Company or the business or department where an employee works. Pay and bonuses linked to the performance of another department, with possible conflicting interests, is avoided at all times.

## **11. Inducements**

The Company does not offer, solicit or accept any inducements, other than the following:

- (a) A fee, commission or non-monetary benefit provided to or by a client or a person on behalf of a client;
- (b) A fee, commission or non-monetary benefit provided to or by a third party or a person acting on behalf of a third party, under the following conditions:
  - i the fee, commission or benefit is disclosed to a client, prior to the provision of the relevant service; and
  - ii it is designed to enhance the quality of the relevant service to a client and in line with Company's duty to act in the best interests of a client;
- (c) Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which cannot give rise to conflicts with Company's duties to act honestly, fairly and professionally in accordance with the best interests of its clients

## **12. Disclosure**

Where Company's organisational or administrative arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Company will either decline to act or, where confidentiality considerations permit, will disclose the general nature and/or sources of conflicts of interest to the client or potential client before undertaking business on its behalf, in order to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

## **13. Further information**

Further information on Company's Conflict of Interest Policy is available upon request from Company's offices at: Tel.: +357 25257780 or email: [customers@tradernet.com.cy](mailto:customers@tradernet.com.cy)

## **14. Prior Consent**

In order to execute Transactions on Client's behalf, the Company will require the Client's prior consent to this Conflict of Interest Policy. The Client will be considered to have provided Prior Consent to this Conflicts of Interest Policy upon signing the Terms of Business Agreement.

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