



## Conflict of Interest Policy

### 1. Introduction

SPOT CAPITAL MARKETS LTD (the “**Company**”) is committed to act honestly, fairly and professionally, and in the best interests of its clients, and to comply, in particular, with the principles set out in the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 144(I)2007, as subsequently amended from time to time (the “**Law**”), pursuant to which the Company is required to take all reasonable steps to detect and avoid conflicts of interest.

The purpose of this document is to provide guidance on the Company’s policies and procedures for addressing actual, apparent and potential conflicts of interests that may arise in the conduct of its normal business activities, particularly when providing investment and ancillary services.

Senior management within the Company are responsible for ensuring that the Company’s systems, controls and procedures are adequate to identify and manage conflicts of interest. The Compliance and Legal Department of the Company assist in the identification and monitoring of actual and potential conflicts of interest.

This Policy is not intended to, and does not, create third party rights or duties that would already exist if the Policy had not been made available, nor does it form part of any contract between the Company and any client or prospective client.

### 2. Scope

This Policy refers to all interactions with all clients and applies to any of the following persons (the “**Relevant Persons**”):

- (a) A director, partner or equivalent, manager or tied agent (or where applicable, appointed representative) of the Company;
- (b) A director, partner or equivalent, or manager of any tied agent (or where applicable, appointed representative) of the Company;
- (c) An employee of the Company or of a tied agent (or where applicable, appointed representative) of the Company;
- (d) Any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent (or where applicable, appointed representative) of the Company and who is involved in the provision by the Company of regulated activities;
- (e) A natural person who is involved in the provision of services to the Company or its tied agent (or where applicable, appointed representative) under an outsourcing arrangement for the purpose of the provision by the Company of investment services and activities.

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### 3. Criteria for identifying 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 shall need to take into account, by way of minimum criteria, the question of whether the Company or a relevant person, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) The Company or that person is likely to make a financial gain or avoid a financial loss, at the expense of the client;
- (b) The Company or that person has an interest in the outcome of a service provided to the client, or of the transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- (c) The Company or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (d) The Company or that person carries on the same business as the client;
- (e) The Company or that 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 money, goods or services, other than the standard commission or fee for that service.

The affected parties if conflict of interest arises can be the Company, its employees or its clients. More specifically, a conflict of interest may arise, between the following parties:

- (a) Between the client and the Company;
- (b) Between two clients of the Company;
- (c) Between the Company and its employees;
- (d) Between a client of the Company and an employee/manager of the Company; (e) Between Company's Departments.

### 4. Identification of Conflicts of Interest

When the Company deals with clients, the Company or a relevant person 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 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 be matching the client's orders with that of another client by acting on such other client's behalf as well as on the client's behalf;
  - (b) The Company is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
  - (c) The Company may receive or pay inducements to or from third parties due to the referral of new clients or clients' trading;
  - (d) Execute client orders with entities belonging to the Company's group where the revenues of those entities is largely generated from client's trading losses;
  - (e) The Company's bonus scheme may award its employees based on the trading volume;
- It should be noted that the above circumstances which constitute or may give rise to a conflict of interest, are not necessarily detrimental to the interests of clients.*

## 5. Managing Conflicts of Interest

The Company maintains and operates effective organizational and administrative procedures to manage the identified conflicts of interest. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include, but are not limited to, the following measures:

- (a) Chinese walls exist restricting the flow of confidential and inside information within the Company, and physical separation of departments;
- (b) The Company has established the "four-eyes" principle in supervising its activities;
- (c) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors;
- (d) The Company provides continuous training and information to all relevant persons in relation to conflicts of interest issues;
- (e) The Company has amended its agreements with the tied agents (or where applicable, appointed representatives) in order to include penalties for the event of non-compliance with applicable laws and regulations;

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- (f) The Company executes all orders electronically, in accordance with policies that comply with relevant rules and regulations in relation to transactions which are executed for or on behalf of clients;
- (g) Procedures governing access to electronic data;
- (h) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors;
- (i) Establishment of Personal Transaction Policy;
- (j) Relevant persons are required to immediately notify the Company in case they perceive that a conflict of interest may be created due to the undertaking of a specific task/work;
- (k) All clients are to be treated fairly;
- (l) All the Company's representatives hold an authorisation/license or are in the process of obtaining an authorisation/license, if required, for performing the business in the country where the representative is registered;
- (m) In circumstances not covered by the points above and given the nature of a conflict of interest situation, the Compliance Officer and/or the Senior Management shall decide whether to allow a transaction by notifying the client, or not allow the transaction all together;

## 6. Client's Consent

By entering into a Client Agreement with the Company for the provision of investment services, the client is consenting to an application of this Policy on him. Further, the client consents to and authorizes the Company to deal with the client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any material interest in a transaction, without prior reference to the client.

In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the client.

## 7. Disclosure of Information

If in the course of a business relationship with a client the organisational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest, the Company will disclose the conflict of interest before undertaking further business with the client.

## 8. Register

The Company keeps and regularly updates a record of the types of regulated business activities carried out by or on behalf of the Company in which conflicts of interest entailing a material risk of damage to the

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interests of one of more clients has arisen or, in the case of an ongoing regulated business service or activity, may arise.

The information contained within the register facilitates the effective identification and management of any potential conflicts of interest.

## **9. Review of this Policy**

The Company reserves the right to amend its Policy and arrangements whenever it deems this is appropriate according to the terms of the Client Agreement between the Company and the client.

**Last update: October 2017**