

FxPro
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FxPro Financial Services Ltd →

Conflict of Interest Policy

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1. INTRODUCTION AND PURPOSE

- 1.1. FxPro Financial Services Ltd ('FxPro', the 'Firm', the 'Company', 'we') is committed to adhering to the highest ethical and business standards, compliance with the Law and regulatory requirements as well as best practice.
- 1.2. In this respect, FxPro has established a Conflicts of Interest Policy, following the implementation of the Markets in Financial Instruments Directive 2014/65/EU ("MiFID II") and in accordance with the provisions of the Financial Services and Activities and Regulated Markets Law 87(I)2017 (the "Law") of the Cyprus Securities and Exchange Commission ("CySEC").
- 1.3. The Policy aims to identify and prevent or manage conflicts of interest between the Company, including its directors, managers, employees, or any person directly or indirectly linked to them by control, and its clients or between one client and another, or combinations thereof, including those caused by the receipt of inducements from third parties or by the investment firm's own remuneration and other incentive structures.

Specifically, the Policy

- Identifies the circumstances that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients,
- Specifies the procedures to be followed and the measures to be adopted to prevent or manage such conflicts.

2. IDENTIFICATION OF CONFLICTS OF INTERESTS

- 2.1. A conflict of interest arises when in the course of providing investment and/or ancillary services and activities, the interests of the investor could be damaged to the advantage of the Company's managers, employees, or to the advantage of another client. It is the duty of the Company to act honestly and fairly in providing investment and/or ancillary services while acting with propriety, fairness, and professionalism to serve the best interests of the clients.

For the purpose of identifying the types of conflicts of interest that may or may have a negative impact on the client, the Company takes into account whether itself or a relevant person may in the course of providing Investment and Ancillary Services or a combination thereof:

1. Is likely to make a financial gain or avoid a financial loss at the expense of the client;
2. Has an interest in the outcome of a service provided to the client or of a transfer carried out on behalf of the client, which is distinct from the client's interest in that outcome;
3. Has a financial or other incentive to favour the interests of another client or group of clients over the interests of the client;
4. Carries on the same business as the client;
5. Receives or will receive from another person or other than the client, an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

It is noted that the above circumstances are not conclusive. To be conclusive, the Company explicitly examines and investigates further each of the above, on a case-by-case basis and undertakes additional due diligence measures in order to have solid evidence that a case constitutes indeed a conflict of interest.

Furthermore, conflicts 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 or manager of the Company
- e. Between Company's departments.

3. MANAGING AND PREVENTING CONFLICTS OF INTERESTS

The following measures have been adopted by the Company to ensure the requisite degree of independence:

1. Measures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interest of one or more clients.
 2. Separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
 3. Removal of any direct link between the remuneration of relevant persons principally engaged with 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.
 4. Employees do not relate their remuneration with clients' performance.
 5. Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities. Additionally, the person who decides or influences an individual's bonus may exert undue influence over that individual's integrity of judgement.
 6. Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities such involvement may impair the proper management of conflicts of interest. Such measures include the following:
 - a) The Company implements procedures to control the flow of confidential or inside information.
 - b) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments. No communication of information and data between various business units of FxPro.
 - c) Procedures governing access to electronic data.
 - d) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
 - e) Establishment of Personal Transaction Policy covering the disclosure and requirements applicable to Relevant Persons in relation to their own investments.
 - f) A gifts and inducements log registering the solicitation, offer, or receipt of certain benefits.
 - g) The prohibition of external business interests conflicting with the Company's interests as far as the Company officers and Employees are concerned unless the written Board of Directors approval is provided.
 - h) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
 - i) Establishment of an in-house Compliance Department to monitor and report on the above to the Company Board of Directors. The Department will also update the relevant internal procedures and ensure compliance with such procedures.
 - j) Appointment of an Internal Auditor to ensure that appropriate systems and controls are in place and maintained which in turn shall evaluate and report to the Company's Board of Directors.
 - k) Establishment of the four-eyes principle in supervising the Company's activities.
 7. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
 8. 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.
 9. All clients are to be treated fairly.
 10. All the Company's representatives hold an authorization/license or are in the process of obtaining it if required, for performing and/or offering the services and/or business activities.
- In circumstances not covered by the point mentioned above and given the nature of a conflict of interest situation, the Compliance Department and/or the Senior Management shall decide whether to proceed with the relevant circumstance and notify the client accordingly.

11. The employees of the Company ensure that documents containing confidential information will not be accessible by unauthorized persons.
12. All employees are bound by professional secrecy and confidential information is only being shared if this is deemed necessary for performing a job function.
13. All employees are at all times bound to act loyally to the Company and be in full compliance with its procedures.
14. All employees receive instructions and guidance regarding managing of conflicts of interest.
15. The persons providing investment services possess all the necessary certificates of professional competence required for providing the relevant services or have been granted with relevant exceptions from CySEC.
16. The Company takes all necessary steps to employ persons with the highest educational, ethical, and professional courtesy standards, in line with CySEC's Guidelines GD-IF-01 (Circular C025).

The Company pays special attention to the activities and services it offers and undertakes ongoing monitoring of the business to ensure that the internal controls are appropriate. Particularly, such special attention is appropriate where the Company or a person directly or indirectly linked by control to the Company, performs a combination of two or more of the following activities:

Personal Account Dealing:

The Company, as mentioned, has implemented the Personal Transactions Policy covering its employees and at the commencement of their functions, employees are required to comply with this policy. It is noted that all transactions in financial instruments by staff and relevant persons must be reported to the Compliance Officer promptly.

Inside and proprietary information:

Employees who in pursuit of the Company's business activities, possess inside or proprietary information must preserve its confidentiality and disclose it only to employees who have a valid business reason for receiving it.

Employees who believe they have received inside information from any source must immediately contact the Compliance Officer. The

Company and its employees cannot use and/or further disclose the information where it has been received. In addition to that, the Company has established "Chinese walls" to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest where the exchange of information may harm the interests of one or more clients.

Inducements:

Personal gifts: The Company operates the Anti-Bribery and Corruption policy, which is applicable to benefits or inducements to staff that might be seen as conflicting with their duties to the Company or to any of the Company's clients. To address conflicts of interest that may arise when a member of staff accepts a gift, the Company applies a general rule that any such gifts cannot exceed the amount of €100 or equivalent in any other currency. All gifts exceeding the value of 50 euros have to be reported to the Compliance Officer.

Receipt of fees and commission:

The Company is not paying or is being paid any fee or commission or providing or being provided with any non-monetary benefit in connection with the provision of an investment service or ancillary service to the client, unless the fee, commission, or non-monetary benefit is designed to enhance the quality of the relevant service to the client.

A fee, commission, or non-monetary benefit shall be considered to be designed to enhance the quality of the relevant service to the client if all of the following conditions are met:

1. it is justified by the provision of an additional or higher-level service to the relevant client, proportional to the level of inducements received, such as:
 - i. the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the client, including an appropriate number of instruments from third-party product providers having no close links with the investment firm, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in

which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments.

2. it does not directly benefit the recipient firm, its shareholders, or employees without tangible benefit to the relevant client;
3. it is justified by the provision of an ongoing benefit to the relevant client in relation to an ongoing inducement.
4. in relation to any payment or benefit received from or paid to third parties, the Company shall disclose to the client the information required by the relevant Law. Moreover, the Company maintains a 'Gifts and Inducements Log' registering the solicitation, offer and/or receipt of certain benefits.

Remuneration of Staff:

Staff remuneration is carefully considered to ensure that conflicts do not inadvertently arise through targets that inappropriately incentivize staff members to behave in a manner that disadvantages the interests of clients in favor of the Company.

Access to electronic data:

The Company has a security policy in place, which governs the access to electronic data so that the persons engaged in each department do not have direct physical access to records and information concerning the subject matter of another department which are not considered necessary for the execution of specific work. Specifically, separate permissions and access rights are provided for the various departments.

Supervision and segregation of departments

The Company maintains separate supervision and segregation of departments/functions which provide services to clients, whose interests may conflict with those of other clients or with the interests of the Company. As mentioned above, the Company has in place Chinese Walls procedures were communicating information and data between the various business units of the Company and especially whether the Company's officers and employees have access to data in the possession of business units to which such access is not permitted.

4. PERSONAL TRANSACTIONS AND CONFLICTS OF INTEREST

All employees of the Company who are involved in investment activities must be aware of the restrictions on personal transactions and must not enter into personal transactions that will cause the following:

- Enter into a transaction prohibited under Section 9 of the Insider Dealing and Market Manipulation (Market Abuse) Law.
- Misuse or cause improper disclosure of confidential information.
- Enter in a transaction that is likely to conflict with any obligations of the Company, or the employee, that are started under the law.

In cases where an employee has come into contact with information that is not publicly available to clients or cannot readily be inferred from information that is so available, the employees must not act or undertake personal transactions or trade, other than as the market makers acting in good faith and in the ordinary course of market making, or in the execution of an unsolicited client order, on behalf of any other person, including the Company.

The employees must not disclose any opinion other than in the normal course of business if the person who is given the opinion is likely to enter into a transaction that is contrary to the above. The employee also should not provide advice or provide to anyone any information, other than in the proper course of his/her employment, especially if it is clear that the person who is receiving such information will advise another party who might acquire or dispose of financial instruments to which that information relates.

Any client's orders that have been relayed to any employees of the Company must not be disclosed to another party.

An employee of the Company who has knowledge of a potential client's order must not carry out a personal transaction that is the same as the client's order if this will cause a conflict of interest.

5. REPORTING OF CONFLICTS OF INTEREST

In the case of identification of a possible conflict of interest, a staff member must refer it initially to his Line Manager to assist in the assessment of a material risk of damage and send a completed conflict of interest notification form together with full details to allow regulatory scrutiny, of:

- Corrective and preventing actions.
- How these actions were considered appropriate
- Any conditions imposed; and
- Whether there are still ongoing conflicts, how these are being managed, and advised to the client.
- To the Head of Compliance for inclusion within the reports reviewed by the Board of Directors.

6. DISCLOSURES

In the case where the Company's organizational arrangements to prevent conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Company a measure of last resort shall clearly disclose to the client the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf. Such disclosure shall:

1. Be made in a durable medium and,
2. Include sufficient details, taking into account the nature of the client, to enable that client to make an informed decision with respect to the service in the context in which the conflict of interest arises.

The disclosure shall clearly state that the organizational and administrative arrangements established by the investment firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. Additionally, it must also include a specific description of the conflicts of interest that arise, explaining the general nature and sources of conflict of interest and the steps undertaken to mitigate these risks, in sufficient

detail, enabling the client to make an informed decision in respect to the investment or ancillary service in the context of which the conflicts of interest arise.

7. RECORD KEEPING

The Company shall maintain and regularly update a record of the kinds of investment or ancillary service, or activity carried out by or on behalf of the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

The records will be kept by the Compliance Officer. Any actions must be recorded and reported to the Board of Directors without any delay.

8. REVIEW OF THE POLICY

The Company reserves the right to review/amend its policy at any time and in any case at least annually and/or when it is deemed necessary by Regulatory Authorities and the Compliance Officer and further approved by the Board of Directors.

9. CONTACT INFORMATION

Any inquiries and/or clarifications regarding the Policy should be addressed to the Company's Compliance Department at compliance@fxpro.com.

FxPro Financial Services Ltd.

Incorporated in the Republic of Cyprus
(Registration no. HE 181344)

Authorised and regulated by the Cyprus
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(Licence no. 078/07)

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