



# **SUMMARY OF CONFLICTS OF INTEREST POLICY**

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### **1. INTRODUCTION**

- 1.1. Trading Point of Financial Instruments Ltd operating under the trading name “XM” is a Cypriot Investment Firm (“CIF”) registered with the Registrar of Companies in Cyprus under number: HE 251334, and regulated by the Cyprus Securities & Exchange Commission (“CySEC”) under license number 120/10 (hereinafter called the “Company”).
- 1.2. Following the implementation of the Markets in Financial Instruments Directive (MiFID II) in the European Union and its transposition into national law with the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2007), the Company is required to provide its clients and potential clients with a summary Conflicts of Interest Policy (hereinafter the “Policy”).
- 1.3. Under the above legislation, the Company is required to take all appropriate steps to identify, prevent or manage conflicts of interest. The Company is committed to acting honestly, fairly and professionally and in the best interests of its clients and to complying, in particular, with the principles set out in the above legislation when providing investment services and ancillary services related to such services.

### **2. PURPOSE**

- 2.1. The purpose of this Policy is to set out the Company’s approach to identify and prevent or manage conflicts of interest, which may arise during the course of its business activities.
- 2.2. The Company has taken all appropriate steps to identify and prevent or manage conflicts of interest which may arise between the Company, including its directors, managers, employees and any person directly or indirectly linked to the Company by control and its clients or between one client and another that arise in the course of providing any investment and ancillary services, or combinations thereof, including the Company’s own remuneration scheme and other incentive structures. Accordingly, this Policy sets out the necessary procedures, controls and practices in place to ensure that any conflicts of interest are identified and prevented or appropriately managed.
- 2.3. In case where the steps taken by the Company to prevent conflicts of interest from adversely affecting the interest of its clients are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Company shall clearly disclose to the client, in a durable medium, the general nature and sources of conflicts of interest as well as the risks to the client that arise as a result of the conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf.

Such disclosure shall be a measure of last resort and shall include sufficient detail, taking into account the characteristics of the client to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

- 2.4. The disclosure shall clearly state that the organisational 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. The disclosure shall include specific description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is being made. The description shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise.

### 3. SCOPE OF APPLICATION

This policy applies to the following persons (“*relevant persons*”):

- a) directors;
- b) managers who, directly or indirectly, may adversely affect the interest of the clients or potential clients;
- c) employees who, directly or indirectly, may adversely affect the interest of the clients or potential clients; and
- d) any persons directly or indirectly linked to the Company by means of control.

### 4. IDENTIFICATION OF CONFLICT OF INTERESTS

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, by way of minimum criteria, 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 a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- b) the Company or a relevant person 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) the Company or a relevant 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 a relevant person carries out the same business as the client; or
- e) the Company or a relevant 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 monies, goods or services, other than the standard commission or fee for that service.

### 5. PROCEDURES TO MANAGE POTENTIAL CONFLICT OF INTERESTS

5.1. This Policy includes the following content:

- a) identifies, with reference to the specific investment services and activities and ancillary services carried out by or on behalf of the Company, the 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; and
- b) specifies procedures to be followed and measures to be adopted in order to prevent or manage such conflicts.

5.2. In general, the procedures and controls that the Company follows to manage the or prevent conflicts of interest that are necessary for the Company to ensure the requisite degree of independence, include the following:

- a) effective procedures 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 interests of one or more clients;
- b) the 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;
- c) the removal of 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;
- d) 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; and

e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest. Such measures include, but are not limited to, the following:

- a 'need to know' policy governing the dissemination of confidential or inside information within the Group;
- chinese walls restricting the flow of confidential and inside information within the company, and physical separation of departments;
- procedures governing access to electronic data;
- segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
- personal account dealing requirements applicable to relevant persons in relation to their own investments;
- a gifts and inducements log registering the solicitation, offer or receipt of certain benefits;
- the prohibition of external business interests conflicting with the Company's interests as far as the Company's officers and employees are concerned, unless prior Board approval is obtained;
- organisational and administrative arrangements to limit the conflict of interest arising from the giving and receiving of inducements.

5.3. The Company also undertakes on-going monitoring of business activities to ensure that internal controls to prevent or manage conflicts of interest are appropriate;

5.4. The Compliance Department shall be responsible for identifying and managing potential conflicts of interests and reporting directly to the Board of Directors and Senior Management in relation to the latter. The Compliance Department shall also update the relevant internal procedures and ensure compliance with such procedures.

#### 5.5. Investment Research

5.5.1. Persons who produce or disseminate research concerning financial instruments or issuers of financial instruments and persons who produce or disseminate other information recommending or suggesting an investment strategy, intended for distribution channels or for the public, shall ensure that they comply with all applicable provisions of this Policy in relation to conflict of interests that may arise from the performance of their duties. They shall also take reasonable care to ensure that such information is fairly presented, and disclose their interests or indicate conflicts of interest concerning the financial instruments to which that information relates, if any.

5.5.2. The measures and arrangements adopted by the Company to manage the conflicts of interests that might arise from the production and dissemination of material that is presented as investment research is appropriate to protect the objectivity and independence of financial analysts and of the investment research they produce. Such measures and arrangements ensure that financial analysts enjoy an adequate degree of independence from the interests of persons whose responsibilities or business interests may reasonably be considered to conflict with the interests of the persons to whom the investment research is disseminated.

5.5.3. The Company shall ensure that the procedures and controls of this Policy cover the persons in subparagraph 5.5.1. In addition, the Company shall have in place arrangements designed to ensure that the following conditions are satisfied:

- a) financial analysts and other relevant persons do not undertake personal transactions or trade, other than as 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, in financial instruments to which investment research relates, or in any related financial instruments, with knowledge of the likely timing or content of that investment research which is not publicly available or available to clients and cannot readily be inferred from information that is so available, until the recipients of the investment research have had a reasonable opportunity to act on it;

- b) in circumstances not covered by point (a), financial analysts and any other relevant persons involved in the production of investment research do not undertake personal transactions in financial instruments to which the investment research relates, or in any related financial instruments, contrary to current recommendations, except in exceptional circumstances and with the prior approval of a member of the Compliance Department which may seek legal advice;
- c) a physical separation exists between the financial analysts involved in the production of investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated;
- d) the Company, financial analysts, and other relevant persons involved in the production of the investment research do not accept inducements from those with a material interest in the subject-matter of the investment research;
- e) the Company, financial analysts, and other relevant persons involved in the production of the investment research do not promise issuers favourable research coverage; and
- f) before the dissemination of investment research, relevant persons other than financial analysts and any other persons are not permitted to review a draft of the investment research for the purpose of verifying the accuracy of factual statements made in that research, or for any purpose other than verifying compliance with the Company's legal obligations, where the draft includes a recommendation or a target price.

For the purpose of this subparagraph, any 'related financial instrument' means any financial instrument the price of which is closely affected by price movements in another financial instrument which is the subject of investment research, and includes a derivative on that other financial instrument.

## **6. RECORD KEEPING**

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

## **7. REPORTING**

- 7.1. The Senior Management of the Company shall receive on a frequent basis, and at least annually, written reports on the situations referred to in paragraph 6.1 above.

## **8. DISCLOSURE**

- 8.1. Where a conflict arises and the Company becomes aware of it, it shall take all reasonable steps to address that conflict and, if not possible, the Company shall disclose the conflict to the client prior to undertaking investment business for that client or, if it does not believe that disclosure is appropriate to manage the conflict, it may choose not to proceed with the transaction or matter giving rise to the conflict.
- 8.2. The Company reserves the right to assess and periodically review, at least annually, and, if necessary, amend this Policy and arrangements, at its sole discretion, whenever it deems fit or appropriate, in order to address any deficiencies.
- 8.3. This Policy does not form part of the Company's Terms and Conditions of Business and is not intended to be contractually binding or impose or seek to impose any obligations on the Company which it would not otherwise have, but for the Cyprus Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017).

## **9. QUESTIONS ON THIS POLICY**

Should you have questions about the Conflicts of Interest Policy or on conflicts of interest in general, you may direct them to the Compliance Department: [compliance@xm.com](mailto:compliance@xm.com).