



# CONFLICT OF INTEREST POLICY

***Risk Warning:** CFDs are complex instruments and come with high risk of losing money rapidly due to leverage. 89% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.*

CONTENTS

1. INTRODUCTION.....	3
1. SCOPE OF THE POLICY .....	3
2. SERVICES .....	4
3. IDENTIFICATION OF CONFLICTS OF INTEREST .....	5
4. PROCEDURES AND CONTROLS TO MANAGE CONFLICTS OF INTEREST .....	5
5. EXAMPLE CONFLICTS OF INTEREST .....	7
6. DISCLOSURE .....	9
7. MONITOR AND REVIEW .....	9
8. CUSTOMER CONSENT .....	10

***Risk Warning:** CFDs are complex instruments and come with high risk of losing money rapidly due to leverage. 89% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.*

## 1. INTRODUCTION

UBK Markets Ltd is incorporated in the Republic of Cyprus with Certificate of Incorporation No. HE293861. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”), with license No. 186/12, and registered office located at 67, Spyrou Kyprianou Avenue, Kyriakides Business Center, 2nd Floor, CY-4003 Limassol.

The Customer acknowledges that the Company’s official language is English.

The Company is operating under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the “Markets in Financial Instruments Directive (2014/65/EU)” or “MiFID II”) and amending Directive 2002/92/EC and Directive 2011/61/EU, as last amended by Directive (EU) 2016/1034 of the European Parliament and of the Council, of 23 June 2016 and under Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (the “MiFIR”) which was implemented in Cyprus by the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), which provide for the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters (the “Investment Services and Activities and Regulated Markets Law”), as the same may be modified and amended from time to time.

The Company provides herein a summary of the policy it maintains in order to manage conflicts of interest in respect of the duties it owes to its Customers.

The office address of the “Cyprus Securities and Exchange Commission (CySEC)” is 27 Diagorou Street, 1097 Nicosia, Cyprus (Telephone: +357 22 506 600/Fax: +357 22 506 700/http://www.cysec.gov.cy) and its postal address is P.O BOX 24996, 1306 Nicosia, Cyprus.

## 2. SCOPE OF THE POLICY

The Policy applies to its directors, employees and any persons directly or indirectly linked to the Company (hereinafter called “related persons”) and refer to all interactions with all Customers.

### 3. SERVICES

“Conflicts of Interest” may, by way of example, occur within the context of:

1. The investment services and or ancillary services, or any combination thereof provided by the Company to its Customers and in which possible “Conflicts of Interest” may arise, are the following:

#### *Investment Services*

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders in relation to one or more financial instruments
- Portfolio Management
- Investment Advice

#### *Ancillary Services*

- Safekeeping and administration of financial instruments, including custodianship and related services
  - Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
  - Investment research and financial analysis or other forms
  - Investment services and activities as well as ancillary services where these are connected to the provision of investment or ancillary services
  - Foreign exchange services where these are connected to the provision of investment services
2. Inducements in connection with the investment services and or ancillary services, or any combination thereof provided by the Company to its Customers
  3. Performance-related remuneration aid to the Company’s staff and intermediaries in connection with investment services and or ancillary services, or any combination thereof provided by the Company to its Customers
  4. Inducements granted to the staff and intermediaries investment services and or ancillary services, or any combination thereof provided by the Company to its Customers
  5. The Company’s relationship with issuers of financial instruments

**Risk Warning:** Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.

Conflict of Interest Policy

6. The preparation of financial analysis on securities offered for sale to the Company's Customers
7. Access and use of information obtained by the Company or the staff of the Company which is not in the public domain
8. Personal relationships of the Company's staff, or any persons associated with them, or the participation of these persons, in supervisory or advisory bodies.

#### 4. IDENTIFICATION OF CONFLICTS OF INTEREST

For the purpose of identifying the types of conflict of interest that may arise in the course of providing investment and ancillary services or a combination thereof, and whose existence may damage the interests of a Customer, the Company takes into account, 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:

- (1) The Company or a relevant person receives or will receive from a person other than the Customer, an inducement in relation to a service provided to the Customer, in the form of monies, goods or services, other than the standard commission or fee for that service.
- (2) The Company or a relevant person has a financial or other incentive to favor the interest of another Customer or group of Customers over and above the interests of the Customer.
- (3) The Company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the Customer.
- (4) The Company or a relevant person participates in the same business as the Customer.
- (5) The Company or a relevant person has an interest in the outcome of a service provided to the Customer or of a transaction carried out on behalf of the Customer, which is different and distinct from the Customer's interest in that outcome.

#### 5. PROCEDURES AND CONTROLS TO MANAGE CONFLICTS OF INTEREST

In general, the procedures and controls that the Company follows to manage conflicts of interest include the following measures:

- (1) Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving the risk of a conflict of interest where the exchange of that information may harm the interests of one or more Customers.

**Risk Warning:** Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.

Conflict of Interest Policy

- (2) The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of or providing services to, Customers whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- (3) The appointment of a Compliance Department to monitor and report on the above to the Company's Board of Directors.
- (4) 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.
- (5) Segregation of those duties that may give rise to conflicts of interest if carried out by the same individual.
- (6) 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.
- (7) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- (8) Procedures governing access to electronic data.
- (9) A "need to know" policy governing the dissemination of confidential or inside information within the Company.
- (10) The appointment of an Internal Auditor to ensure that appropriate systems and controls are maintained and reports are made to the Company's Board of Directors.
- (11) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- (12) A gifts and inducements log registering the solicitation, offer or receipt of certain benefits. The prohibition of any external business interests of the Company's officers and employees conflicting with the Company interests, unless the Board of Directors approval is given.
- (13) Personal account dealing requirements applicable to relevant persons in relation to their own investments.
- (14) The establishment of the four-eye principle in supervising the Company's activities.
- (15) The Company also undertakes the ongoing monitoring of business activities to ensure that internal controls are appropriate.

**Risk Warning:** Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.

## 6. EXAMPLE CONFLICTS OF INTEREST

### **Potential “Conflicts of Interest” that may arise in providing the service Execution of Customer Orders in relation to one or more financial instruments**

Where the Company is providing the service of receiving and transmitting Customer Orders in relation to one or more financial instruments, “Conflicts of Interest” could arise in cases in which Orders are received at the same time from different Customers for the purchase or sale of certain financial instruments, such as equity securities, with no counterpart existing in the market for the different Orders.

The Company may be paid inducements by fund companies and issuing houses as remuneration for the sale of their financial instruments. This may include portfolio volume dependent trailer fees paid by fund companies out of the respective management fees collected from investors and the sales commissions paid by issuers of securities in the form of placement commissions, reductions on issue prices (discount/rebate) and trailer fees. In order to avoid any “Conflicts of Interest”, in those instances where the Company is paid inducements by fund companies and issuing houses as a remuneration for the sale of their financial instruments, the Company has decided not to retain inducements paid in favor of the Company, but to pass such payments through to its Customers.

Furthermore, in some instances, the Company may receive non-monetary inducements from other service providers in connection with its investment business, e.g. financial analyses or other data, training and sometimes technical services and equipment for access to third-party information and dissemination systems. These inducements are not directly related to services provided to Customers and the Company uses them to provide the high-quality services that Customers expect. They allow on-going improvements to the Company’s Services.

With respect to the transactions conducted via its online trading platform(s), the Company charges commissions according to the conditions as agreed with its Customers.

### **Potential “Conflicts of Interest” that may arise in providing portfolio management/investment advice**

Where the Company is providing the service of discretionary, individual management of investment portfolios, Customers delegate asset management to one of the Company’s portfolio managers and with it the decision to buy or sell individual financial instruments. The Company, through its portfolio managers, decides whether to buy or sell assets on the basis of investment guidelines agreed with the Customer, but it does not obtain Customer approval each time.

In these instances, “Conflicts of Interest” could arise in the following instances:

***Risk Warning:** Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.*

## Conflict of Interest Policy

- a) in the event of the purchase or sale of financial instruments on behalf of Customers in illiquid or non-transparent markets; in some instances this could result in a large profit for the Company or for another Customer.
- b) the fee received by the Company's employees providing portfolio or asset management services may be based on the performance of the Customer's portfolio they are managing; in this instance, there may be an implicit incentive related to the increase in performance, which could lead to situations where managers, at the time of providing the service, do not take into account the risks inherent in their investment decisions, leading to action that is contrary to the interests of a Customer or group of Customers;
- c) the Company is the discretionary portfolio manager for more than one Customer — in particular in respect of issues related to allocation.

As such arrangements may exacerbate existing "Conflicts of Interest", the Company, in order to counter the associated risks, has introduced appropriate procedures as in particular by an investment selection process based on each individual Customer profile. Furthermore all inducements received within the scope of a portfolio management related Customer relationship are passed through to the Company's Customers.

Performance-related pay is another area where there is a potential "Conflict of Interest" where the Company is providing the service of discretionary, individual management of investment portfolios. Here, it is impossible to exclude the possibility that a portfolio manager may take disproportionate risks in order to maximize his/her performance-related pay.

Measures to reduce this risk include the internal monitoring of investment decisions by staff and combining performance-related pay and fixed remuneration, as set forth in the Company's "Remuneration Policy".

### **Potential "Conflicts of Interest" that may arise in providing the service of investment research and financial analysis or other forms**

Where the Company is providing the service of investment research and financial analysis, "Conflicts of Interest" could arise in the following instances:

- a) a unit of the Company may be carrying out research or assessments of instruments while operating together with a unit of the Company providing other investment services, such as discretionary portfolio management;
- b) the Company may produce research material, which is to be used to support the Company's sales and trading activities, but which may at the same time be distributed to the Company's Customers and to the Company's associates or some other person connected to the Company.

***Risk Warning:** Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.*

Whenever the Company prepares or distributes financial analyses, it provides Customers with information on potential and relevant “Conflicts of Interest”.

**Other “Conflicts of Interest” that may arise**

Finally, managers, employees, brokers or persons directly or indirectly associated with the Company by a control relationship, may be subject to potential “Conflicts of Interest” by virtue of their family, economic or professional links, or for any other reason related to a procedure, service or transaction, in instances in which:

- a) they may obtain a financial gain or avoid a financial loss, at the expense of a Customer;
- b) they have an interest in the outcome of the service provided to a Customer or the transaction performed on their behalf, other than the interest of the Customer.

The Company itself may have a “Conflict of Interest” in instances where it purchases a financial instrument for a Customer and then sells it immediately to one of its other Customers or vice-versa.

## 7. DISCLOSURE

When the Company becomes aware of a situation where a conflict arises, the Company will disclose it to the Customer prior to undertaking investment business with that particular Customer, or if the Company does not believe that disclosure is appropriate to manage the conflict, the Company may opt not to proceed with the transaction or matter giving rise to the conflict.

The Company reserves the right to review and/or amend its Policy and arrangements whenever deemed appropriate.

## 8. MONITOR AND REVIEW

The Company will, on a regular basis, monitor and assess the effectiveness of this Policy and the sequence of its order execution arrangements and, in particular, the execution quality of the procedures explained in the Policy in order to deliver the best possible result for the Customer, and, where appropriate, the Company reserves the right to correct any deficiencies in this Policy and make improvements to its execution arrangements.

In addition, the Company will review the Policy as well as its order execution arrangements at least annually. A review will also be carried out whenever a material change occurs that affects the ability of the firm to continue to obtain the best possible result for the execution of its Customer orders on a consistent basis using the venues included in this Policy.

The Company will notify any Customers affected by material changes in its Policy.

**Risk Warning:** Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.

## 9. CUSTOMER CONSENT

The Company is required, when establishing a business relationship with the Customer, to obtain his/her prior consent to this Policy.