

# Summary of Conflicts of Interest Policy

Forextime Limited

Version 3.0

## 1. Introduction

- 1.1. Under the Investment Services the exercise of Investment Activities and the operation of regulated markets Law of 2017 – Law 87(I)/2017, the Company is required to take all appropriate steps to detect and avoid conflicts of interest. 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 above legislation when providing investment services and other ancillary services related to such investment services.
- 1.2. The Company provides herein a summary of the policy it maintains in order to identify and manage conflicts of interest in respect of the duties it owes to its Clients.

## 2. Scope

- 2.1 The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called “**related persons**”) and refers to all interactions with all Clients.
- 2.2 A conflict of interest arises where there is a reason within the Company’s control that prevents it from putting the interests of its Clients before those of the Company and its employees, or the interests of one Client or group of Clients ahead of another Client. In such a situation, the Company must pay due regard to the interests of each Client and manage any potential conflicts of interest accordingly.

The underlying principle that must be followed at all times is that the interests of a Client must always be put before the interests of the Company and/or its employees. A conflict may exist, or be perceived to exist, if an employee’s activity is, or may reasonably give the appearance of being, inconsistent with the best interests of the Company’s Clients.

## 3. Identification of Conflicts of Interest

3.1. When the Company deals with the Client, the Company, an associate or some other person connected with the Company 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. While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest that may arise, as per the current nature, scale and complexity of the Company’s business, 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) When the Company accepts Client order in Contracts for Difference (“CFD”), the Company will be dealing in the CFD concerned as principal for the Company’s account.

- (b) The Company may be matching the Client's Order with that of another Client by acting on such other Client's behalf as well as on the Client's behalf.
- (c) The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading.
- (d) The Company may use affiliated entities to execute certain transactions on an ad hoc basis.
- (e) The possible use or dissemination of confidential information derived from the Reception & Transmission, Execution, Dealing on Own Account, Investment Advice or Portfolio Management departments or other business units of the Company (e.g. front running).
- (f) 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.
- (g) The interest of relevant persons, shareholders, directors or agents of the Company in Clients, and vice versa.
- (h) The direct or indirect investing or management carried out by any relevant person or the Company to Clients or accounts which invest in the same assets that may be also purchased or sold by other Clients.
- (i) The Company may be the counterparty to its Clients positions (i.e. act as Principal) and therefore stands to profit if the Client loses.
- (j) Orders generated for Clients by the Portfolio Management Department may be executed through the Dealing on Own Account Department.
- (k) The Company trades its proprietary positions and at the same time has knowledge of Client's future transactions via stop limit orders, as applicable.
- (l) The Company or relevant persons may invest in Clients-funds through the direct or indirect acquisition of shares.
- (m) An interest in maximizing the Company's trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs.
- (n) The remuneration scheme of employees/relevant persons which may be based on the Clients' trading volumes or value of trades placed by retail clients.
- (o) The remuneration of third parties where the interest of a Client conflicts with the interest of the third party.

- (p) The persons producing investment research/marketing communication and other relevant persons, whose responsibilities to business interest may conflict with the interests of the persons to whom the investment research/marketing communication is disseminated.

3.2 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, 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 participates in the same business as the Client.
- (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 monetary or non-monetary benefits or services.
- (f) The Company or the relevant person is in possession of information obtained in the ordinary course of their business which would benefit the Company or the relevant person or the Group or the Client but such information is not publicly known.

3.3 Potential circumstances of conflict of interest duties may, inter alia, arise due to the fact that the Company is a member of a group, as follows:

- (a) The Company and/or any other member of the group exercises the same activity as the Client.
- (b) A transaction is effected in financial instruments in respect of which the Company may benefit from a commission, fee, or non-monetary benefit payable otherwise than by the Client.
- (c) The Company acts as agent for the Client in relation to transactions in which it is also acting as agent for the account of other Client's including members of the Company's Group.
- (d) The Company deals in financial instruments as principal with the Client.

- (e) The Company or any other member of the Company's Group receives remuneration or other benefits by reason of acting in the provision of investment research or similar transactions involving an issuer whose financial instruments are held by the Client.
- (f) The Company has a direct or indirect interest in a transaction.

## 4. Procedures and Controls to Managing Conflicts of Interest

4.1. In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following, but not limited, measures (list is not exhaustive):

- (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 remuneration practices should be designed in such a way so as not to create a conflict of interest or incentive for staff to favour their own, or the Company's interests to the potential detriment of any Client. 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) The Board of Directors of the Company sets out the Company's arrangements to ensure that its compensation arrangement will not give rise to conflicts of interest between the Company, its relevant persons, employees and Clients.
- (e) 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.
- (f) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- (g) Procedures governing access to electronic and/or in hard copy data and

information.

- (h) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- (i) Personal account dealing requirements applicable to relevant persons in relation to their own investments.
- (j) A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
- (k) Prohibition of external business interests conflicting with the Company's interests as far as the Company's officers and employees are concerned, unless Board of Directors approval is provided.
- (l) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- (m) Establishment of in-house Compliance Function to monitor and report on the above to the Company's Board of Directors.
- (n) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- (o) Establishment of the four-eyes principle in supervising the Company's activities.
- (p) The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- (q) The Company employs rules and organizational arrangements in order to manage conflicts of interest which may arise from the production and/or dissemination of investment research to Clients by the Company.
- (r) The Company establishes rules which are applicable to the relevant persons who are involved in the production and/or dissemination of the investment research and other relevant persons whose responsibilities or business interest may conflict with the interest of the persons to whom the investment research is disseminated.
- (s) The Company prohibits relevant persons who are involved in the production and/or dissemination of the investment research to promise to any issuer of financial instruments that they will publish a favorable research on its behalf.
- (t) The Compliance Officer keeps and updates a list of Group employees, which come into contact with the Company or its Clients, directly or indirectly, as applicable.

## 5. Client's Consent

5.1 By entering into a Client Agreement with the Company for the provision of Investment and/or Ancillary Services, the Client is consenting to an application of this Policy on him. Further, the Client consents to and authorises 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.

## 6. Disclosure of Information

6.1 If during the course of a business relationship with a Client or group of Clients, the organizational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or group of Clients.

## 7. Amendment of the Policy and Additional Information

7.1 The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate without notice to the Client.

Should you require any further information and/or have any questions about conflicts of interest please direct your request and/or questions to [support@forextime.com](mailto:support@forextime.com).