



# **IFCM CYPRUS LIMITED**

## **Conflicts of Interest Policy**

December 2020  
Version 1.1.0

## **CONFLICTS OF INTEREST POLICY**

### **1. PURPOSE**

The purpose of this Conflicts of Interest Policy (hereafter the "Policy") is to specify the procedures set in place by IFCM Cyprus Limited (ex. Infin Markets Ltd), hereafter the "Company", for identifying, managing and controlling, and disclosing, where necessary, the conflicts of interests arising in relation to its business and to reduce the risk of the Client disadvantage and reduce the risk of legal liability, regulatory censure or damage to the Company's commercial interests and reputation and to ensure that it complies with the legislative requirements and the departmental and general procedures which are set by its Internal Procedures Manual.

### **2. LEGAL FRAMEWORK**

- **Investment Services Activities and Regulated Market Law of 2017** (hereafter "Law") all CIFs must take all reasonable steps to identify conflicts of interest between itself, including its managers and employees, tied agents or other relevant persons, as well as any person directly or indirectly linked to them by control, and their clients or between one client and another, that arise in the course of providing any investment and ancillary services.
- **Directive DI144-2007-01**: All CIFs are required to establish, implement and maintain an effective conflicts of interest policy set out in writing and appropriate to the size and organization of the CIF and the nature, scale and complexity of its business.

In this respect, CIFs must establish adequate policies and procedures sufficient to ensure compliance, including its managers, employees, tied agents and other relevant person(s), with its obligations pursuant to the Law and the directives issued pursuant to the Law, as well as appropriate rules governing personal transactions by such persons.

Any other directives, circulars, announcements and guidelines issued by the Commission in relation to compliance issues have also been taken into consideration.

Following the implementation of the Markets in Financial Instruments Directive (MiFID) in the European Union and based on the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) in Cyprus, the Company is required to provide its clients and potential clients with a summary of its Policy. The

abovementioned legislation provides that the Company is required to take all reasonable steps to identify and avoid any conflicts of interest.

The Company may have an interest in conflicts with the interests of its Clients or the duties owed towards them under the Agreement governing the provision of investment services by the Company to the Client. As a matter of principle, and based on the provisions of the MiFID, the Company is committed to act honestly, fairly and professionally and in the best interests of its clients and to comply with the principles of the abovementioned legislation when providing investment services and other ancillary services.

As a part of its duty to avoid any conflicts of interest that may significantly affect the Client's interest, the Company will take all reasonable steps to mitigate any such conflicts that may arise in accordance with this Policy.

The Policy applies to all the directors of the Company, employees, tied agents, any affiliates of the Company, contractors, and any persons directly or indirectly linked to the Company. The Policy refers to all interactions with all clients.

### **3. DEFINITION**

The term "conflicts of interest" is used to describe a situation which has the potential to undermine the impartiality of a person because of the possibility of clash between the person's self-interest and professional interest i.e. the Company obtaining financial or any other kind of benefit from the Client during the provision of investment services to the Client.

### **4. SCOPE**

The Present Policy applies to all relevant persons in relation to the Company as defined in the Law including but not limited to all Company's directors, employees, any persons directly or indirectly linked to the Company by control who might be exposed to conflicts of interests arising between their personal interests and/or the interests of the Company with the interests of the company's clients and all interactions of the Company with its clients as well as between one client and another, in the course of providing any investment services.

### **5. IDENTIFICATION OF POTENTIAL CONFLICTS OF INTEREST**

A potential conflict of interest occurs where competing obligations or motivations result in material risk of damage to the interests of a client. For the purposes of identifying the types of conflicts of interest that arise in the course of providing investment and ancillary services and whose existence may damage the interests of a client, the Company takes into consideration the following criteria:

- 1) The Company and/or any Related person of the company is likely to make a financial gain, or avoid financial loss, at the expense of the Client;
- 2) The Company and/or any Related person of the company has an interest in the outcome of a service provided to the client or of a transaction carries out on behalf of the client, which is distinct from the client's interest in that outcome;
- 3) The Company and/or any Related person of the company has a financial or other incentive to favor the interest of another Client or group of Client over the interests of the Client;
- 4) The Company and/or any Related person of the Company carries on the same business as the Client;
- 5) The Company and/or any Related person of the company 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.

## **6. REPORTING OF CONFLICTS OF INTEREST AND RESPONSIBILITIES**

In the case of identification of a possible conflict of interest, a staff member must refer initially to his immediate supervisor to assist in the assessment of a material risk of damage and send a completed Conflicts of Interest Notification Form to the Compliance Officer for review and evaluation. The Conflicts of Interest Notification Form shall be as full in details as possible to allow regulatory scrutiny, of:

- corrective and preventive 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;

The Compliance Officer following his/her evaluation would report the findings to the Board of Directors.

**CONFLICTS OF INTEREST CAN OCCUR IN A NUMBER OF SITUATIONS, FOR EXAMPLE:**

- 1) Where the investment advice is provided on an independent basis:
  - a. The instruments advised may not be of a sufficient range or diversification by only limiting itself to those provided by: i) Group or those with Close links with the company; or ii) Other legal entities with which the Company has close legal or economic relationships with.
- 2) The Company may be matching the Client's portfolio with that of another Client by acting on such other Client's behalf as well as on the Client's behalf,
- 3) The Company may receive or pay inducements to or from third parties due to the referral of new Clients.
- 4) The Company may accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to clients.
- 5) The Company may remunerate or assess the performance of its staff in a way that conflicts with its duty to act in the best interests of its clients.

**7. POTENTIAL CONFLICTS OF INTEREST WITHIN A GROUP OF COMPANIES**

The Company as a member of IFC Markets Group must take into consideration any circumstances, which might give rise to a conflict of interest as a result of the structure and business activities of any other members within the Group.

The Company shall identify, with reference to the specific investment services and activities and/or ancillary services carried out by or on behalf of the Company, any circumstances which constitute or give rise to a conflict of interest entailing a material risk of damaging the interests of one or more Clients.

**8. PROCEDURES TO MANAGE CONFLICTS OF INTEREST:**

The internal policies of the Company have been drafted and designed in such a way to identify and manage Conflicts. The Compliance Officer of the Company is responsible for this task. A number of organizational and administrative arrangements have been made in order to safeguard the interests of Clients and minimize the potential for conflicts to arise.

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

### **a) Independence**

The following measures have been adopted by the Company for ensuring 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 conflicts of interest (i.e. by establishing a Chinese wall).
- 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) 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 judgment.
- 4) Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities such as portfolio decision making and calculating performance.
- 5) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors.
- 6) Segregation of duties that may give rise to conflicts of interest if carried on by the same employee.
- 7) Prohibition on officers and employees of the Company having external business interests conflicting with the interests of the Company without the prior approval of the Company's board of directors.
- 8) A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- 9) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- 10) Establishment of the "four-eyes" principle in supervising the Company's activities.
- 11) The Company undertakes on-going monitoring of business activities to ensure that internal controls are appropriate;
- 12) Establishment of Personal Transactions Policy;
- 13) Procedures governing access to electronic data;
- 14) Advises/recommendations on transactions are prohibited;
- 15) Divisions and legal entities of the Group operate with appropriate independence from one another;
- 16) There is controlled flow of information between different Group entities/outsourcing service providers where, otherwise, the risk of a Conflicts of Interest may harm the interests of a Client;

- 17) Supervisory arrangements provide for separate supervision of staff of the different Group entities where necessary for the fair management of Conflicts of Interest, as applicable;

### **Chinese Walls**

The Company has constructed adequate Chinese Walls, in accordance with the legal requirements between its departments and has established clear lines of responsibility, in order to avoid the flow of information held by a person in the course of carrying out a part of its business to be withheld from or used by persons who are in the process of carrying out another part of its business.

In particular, physical barriers have been established in order for the flow of information to be restricted between employees, access has been limited in relation to information and documentation and communication has been restricted between certain employees during the course of carrying out their parts of business.

### **b) Disclosure of conflicts of interest**

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. The disclosure will be made in sufficient time and in a durable mean and shall include sufficient detail, taking into account the nature of the client, to enable him to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

Clients will be given the opportunity to decide on whether or not to continue their relationship with the Company with no unreasonable obstacles.

### **c) Marketing Communication**

As a general rule, the Company prior to distributing any marketing communication material to its clients and/or potential clients, ensures that it has been reviewed and approved by its Compliance Officer. On the above mentioned basis, the Company shall ensure that any recommendation contains a clear and prominent statement that (or, in the case of an oral recommendation, to the effect that) it has been prepared in accordance with legal requirements designed to promote the independence of investment research and that it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

#### **d) Record Keeping**

The Company keeps and regularly updates a record of the kinds of investment and ancillary service or investment 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. Any conflict of interest shall be reported to the Company's Managing Director and Compliance Officer, who shall be responsible for keeping records of conflicts of interest.

### **9. REMUNERATION POLICY**

The purpose of the Remuneration Policy of the Company is to strengthen client's protection by improving the implementation of the conflicts of interest and conduct of business requirements under the Law in the area of remuneration and of course to improve the services provided by the Company.

The Company must ensure that its remuneration system includes measures to avoid conflicts of interests and to ensure compliance with the legislative requirements concerning the conduct of business in order to ensure that clients' interests are not impaired by the remuneration policy and practices of the Company in the short, medium and long-term horizon.

For instance, the remuneration of any supervisory function shall not be linked with the profitability performance of the Company. The Remuneration policy has been designed in such a way so as not to create incentives that may lead persons to favor their own interests, or the Company's interests, to the potential detriment of clients.

### **10. RECORD KEEPING**

The following documentation is maintained for a minimum period of five years:

- This Policy, any functional variations if applicable
- The Conflicts Log;
- Rules, procedures and processes;
- Training material and training records;
- Conflicts of Interest Notification Forms;
- Details of any review work carried out (including any decisions made on conflicts management); and any other documentation used to demonstrate the management of conflicts of interest.



## **11. AMENDMENT / REVIEW**

The Company has the right to review and revise this Policy from time to time in the event where new types of Conflicts or potential Conflicts arise in the supply of investment services to its clients. As a result, the Company shall review the effectiveness of the procedures and arrangements by which the Conflicts are managed and consider and possible amendments to its policies and procedures.

In particular as part of the Company's review, the measures taken for the management of Conflicts of Interest shall be assessed and if not deemed appropriate to ensure the requisite degree of independence, the Company shall adapt alternative additional measures as per the provisions of paragraph 23(3) of Directive D144-2007-01.

The Senior Management shall fully engage in the implementation of policies, procedures and arrangements for the identification, management and ongoing monitoring of conflicts of interest. The Company shall amend and review the current policy at least on an annual basis.

## **12. RESPONSIBILITIES OF SENIOR MANAGEMENT IN RELATION TO CONFLICTS OF INTEREST**

The Company's Senior Management is required to:

- fully engage in the implementation of policies, procedures and arrangements for the identification, management and ongoing monitoring of conflicts of interest;
- adopt a holistic view to ensure the identification of potential and emerging conflicts within and across business lines and to ensure that informed judgments are made with respect to materiality;
- raise awareness and ensure compliance of relevant individuals by ensuring: regular training (including to contractors and third-party service providers' staff) both at induction and in the form of refresher training; the clear communication of policies, procedures and expectations; that awareness of conflicts procedures forms part of the performance review/appraisal process, and that the best practice is shared throughout the Company;

- sponsor robust systems and controls and effective regular reviews to ensure that strategies and controls used to manage and mitigate risks remain appropriate and effective and that appropriate warnings and disclosures are issued to clients where necessary;
- utilize management information to remain sufficiently up-to-date and informed; and
- support an independent review of the processes and procedures in place.

All company's employees are required to identify new conflicts of interest arising out of the activities/services that they perform and engage in the process to notify line management upon identifying any potential conflicts.