

## **CONFLICTS OF INTEREST POLICY**

**Version: January,2018**

### **Introduction**

The purpose of this Policy is to specify the procedures put in place by London Capital Group (Cyprus) Ltd, hereafter the “Company”, for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interests arising in relation to its business and to reduce the risk of client disadvantage and reduce the risk of legal liability, regulatory censure or damage to Company’s commercial interests and reputation and to ensure that it complies with legislative requirements and the departmental and general procedures which are set by its Internal Procedures Manual.

### **Legal Framework**

In accordance with Directive DI144-2007-01 and the Markets in Financial Instruments Directive I & II, CIF’s must comply with specific regulations relating to conflicts of interest. CIFs are required to establish, implement and maintain an effective conflict of interest policy set out in writing and appropriate to the size and organisation of the CIF and the nature, scale and complexity of its business.

In addition, according to the Investment Services Activities and Regulated Market Law of 2007, 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.

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 this Law, as well as appropriate rules governing personal transactions by such persons.

### **General**

A conflict of interest can arise between London Capital Group (Cyprus) Limited (LCG):

- (i) a conflict between the interests of the group companies and the interests of a client, or
- (ii) (ii) a conflict between the interests of two or more clients of the group companies, to whom the group companies have an obligation.our directors and staff and group companies and divisions and you as a client or between your interests and those of another client of ours.

These conflicts can arise when providing services to clients, and can damage or have a negative influence on clients' interests.

We aim to establish and maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients.

## **Our Policy**

We endeavor to maintain a record of the types of activity we carry on in which a material conflict could arise or has arisen, and, in doing so we take account of the activities of other members of our group of companies.

We also maintain procedures to manage actual or potential conflicts. This includes procedures to maintain appropriate independence between members of our staff who are involved in different activities, for example, through the operation of information barriers, physical separation of staff, the segregation of duties and responsibilities and maintenance of a policy of independence which requires our staff, when providing services to a client, to act in the best interests of the client and to disregard any conflicts of interest; personal account dealing restrictions applicable to all staff, and, in some circumstances declining to act for a client or potential client.

For the purposes of identifying the types of conflicts of interest that may arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interest 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, or a person directly or indirectly linked by control to the Company, 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, or a person directly or indirectly linked by control to the Company, has an interest in the outcome of a service provided to the client, or of the 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, or a person directly or indirectly linked by control to the Company, 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, or a person directly or indirectly linked by control to the Company, carries on the same business as the client.
- e) The Company or a relevant person, or a person directly or indirectly linked by control to 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 money, goods or services, other than the standard commission or fee for that service.

Relevant person in relation to the Company means any of the following persons:

- a) a member of the board of directors, partner or equivalent, manager or tied agent of the Company;
- b) a member of the board of directors, partner or equivalent, or manager of any tied agent of the Company;
- c) an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities;
- d) a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities;

The affected parties if conflict of interest arises can be the Company, its employees or its clients. More specifically, a conflict 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/manager of the Company.
- e) Between Company's Departments.

Conflicts of interest can occur in a number of situations, for example:

- The Company is likely to sustain an overall financial loss or avoid a financial loss, by executing a client's specific order.
- The Company is likely to sustain an overall financial gain by not executing a client's specific order.
- The market moves to a direction of a point/timing when by executing client's order will result in a financial loss for the Company.

### **Management of Conflicts of Interest**

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) 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 interest may conflict, or who otherwise represent different interests that may conflict, include those of the Company;
- (c) To mitigate conflicts of interest, LCG has a Remuneration Policy in place that ensures that

relevant persons are not only remunerated based on quantitative commercial criteria, but also takes into account compliance with regulations, the fair treatment of clients and the quality of services provided to clients. The remuneration policy has also ensured that where relevant persons are engaged in different activities where a conflict of interest may arise in relation to those activities, there is no direct link to their remuneration

(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;

(e) Measure 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.

(f) Other measures undertaken:

- a. The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- b. The Company undertakes effective procedures to prevent or control the exchange of information between Related 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.
- c. The separate supervision of Related Persons whose principal functions involve providing services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- d. Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services.
- e. Measures to prevent or control the simultaneous or sequential involvement of a Related Person in separate investment services where such involvement may impair the proper management of conflicts of interest.
- f. A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- g. Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- h. Procedures governing access to electronic data.
- i. Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- j. Personal account dealing requirements applicable to Related Persons in

relation to their own investments.

- k. Establishment of Compliance Department to monitor and report on the above to the Company's Board of Directors.
- l. 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.
- m. A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- 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 undertakes on-going monitoring of business activities to ensure that internal controls are appropriate.
- q. Establishment of Personal Transactions Policy.
- r. Staff members are required to notify the Company of any direct or indirect interest in financial instruments or issuers or any direct or indirect interests or relationships or linkages that could in any way create conflicts of interest with the Company or its clients.
- s. Staff members 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.
- t. LCG maintains a register of the investment services and activities and ancillary services carried out by or on behalf of Saxo Bank which have given or could give rise to a conflict of interest, which may be detrimental to the interests of one or more clients. The information in the register facilitates the management of conflicts of interests and potential conflicts of interest.
- u. Advises/recommendations on transactions that are unnecessary or unreasonable or cannot be adequately explained or aim to increase the Company's volume of activities or commissions received from third parties and do not aim to serve the clients' interests are prohibited.
- v. In circumstances not covered by the points above and given the nature of a conflict of interest situation, the Compliance Officer and/or the Senior

Management shall decide whether to allow a transaction by notifying the Client, or not allow the transaction all together.

- w. LCG is dedicated to providing honest, fair and professional investment services and/or ancillary services to clients. For this reason LCG operates on the basic premise that no inducements (monetary and non-monetary benefits) are received in relation to the investment service and/or ancillary service, unless these qualify as a minor non-monetary benefit. LCG will not provide any inducements (monetary and non-monetary) in relation to an investment and/or ancillary service to any third party, unless the provision of commissions enhances the quality of the service to the client and it does not impair compliance with the duty to act in the best interests of the clients. Evidence of this will be documented.

### Chinese Walls

Chinese walls are essentially information barriers which are used to prevent inside or highly confidential information possessed by one part of the business from being inappropriately passed to, or obtained by, another part of the business.

When a Chinese wall is used as a way of managing conflicts of interests, individuals on the other side of the wall will not be regarded as being in possession of knowledge denied to them as a result of the Chinese wall. For example, where arrangements have been put in place to ensure that entities belonging to the same group operate independently of each other with effective Chinese walls, the entities shall not be deemed to have knowledge of each other for conflicts of interest purposes.

#### a. Disclosure of conflict of interest

If LCG cannot prevent certain conflicts of interest which could potentially harm the clients' interest, LCG shall clearly disclose to the client such conflicts of interest.

This disclosure to clients of conflicts of interest is a measure of last resort that is used only where the effective organisational and administrative arrangements established to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

If such a disclosure must be made, it clearly states that the organisational and administrative arrangements established by LCG 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.

### **Implementation and enforcement of the policy**

The Compliance Department and the Board of Directors are responsible for approving the Conflicts of Interest Policy and for reviewing the policy at least annually. Senior management is responsible for establishing procedures for the identification, prevention and control of conflicts of interest. Checks and monitoring are carried out by the Compliance Department in order to determine whether potential conflicts of interest are controlled. In the event of non-compliance with the policy, a report is made to the responsible management and a decision on how to resolve the situation is made in consultation with the management.

In the event that a conflict of interest is identified and it is not possible for the group companies to prevent or control a conflict of interest, the group companies will notify the client accordingly, as discussed above. The Compliance Department is responsible to maintaining a register of conflicts of interest and corresponding controls. Conflicts of Interest is an item on the agenda for discussion at all quarterly Board Meetings. Any new potential conflict of interest, or changes to an existing conflict, should be communicated to the Compliance Officer as soon as the conflict, or potential conflict, has been identified so that the register can be updated accordingly.

In addition, the register is submitted periodically to the Board of Directors. All staff must take responsibility to not knowingly create a conflict of interest. Failure to do so may result in disciplinary action being taken. At request of the Compliance Officer employees have to declare on an annual base that they are compliant with this policy.

### **Monitoring**

On an annual basis a conflicts of interest monitor takes place performed by the Compliance Department and this policy will be reviewed.

### **Record retention**

The Compliance Officer will keep the conflicts of interest register for a period of at least five years from the date of review in line with the record retention policy.

### **Gifts and hospitality**

Staff members are forbidden to accept gifts, promotions, discounts or any other monetary or benefit in kind from Clients or third parties, which may create conflicts of interest. Gifts of low value may be accepted after approval from the Company.

### **Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment 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.

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

**Trade Responsibly:** Contracts for Difference (CFD) trading carries a high level of risk to your capital and can result in losses that exceed your initial deposit. CFD trading may not be suitable for everyone, so please ensure that you fully understand the risks involved. Before deciding to trade, you need to ensure that you understand the risks involved considering your investment objectives and level of experience. Past performance of CFDs is not a reliable indicator of future results. Most CFDs have no set maturity date - CFD positions typically mature on the date you choose to close the relevant existing open position. You should seek independent financial advice, if you feel it is necessary or appropriate. Please read carefully the relevant Risk Disclosure, available here [Legal Documentation](#)

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