

### **Conflict of Interest Policy**

Freedom Finance Cyprus Ltd, a company established under the laws of the Republic of Cyprus (HE324220), hereinafter referred to as the «Company», authorized and regulated by the Cyprus Securities and Exchange Commission under license of a Cyprus Company providing investment services, license number 275/15, dated 20.05.2015, and with registered address: Andrea Zappa, 1, office 1, 4040, Limassol, Cyprus

The present Conflict of Interest Policy of the Company (hereinafter «Policy») is established in accordance with the Investment Services Activities and Regulated Market Law of 2007, Directive DI144-2007-01 of CySEC and the European Union's Markets in Financial Instruments Directive (MiFID) (together hereinafter as the «Law»).

The present Policy sets out the Company's general principles, approach and main measures, used by the Company to prevent, detect and effectively manage any conflicts of interest that may arise in carrying on its business. The present Policy is obligatory for all employees of all departments of the Company, Board of directors of the Company.

#### **1. Objectives**

The present Policy of the Company aims to ensure that the Company's Clients are treated fairly and at the highest level of integrity, relevant information disclosure, precisely accurate in performing the Clients' Instructions, strict compliance with the Clients' Instructions, and in priority of Clients above the Company's priorities.

#### **2. Conflicts of interest main types**

During the performance of its activities, the Company may face the following types of conflicts of interest between:

- the Company and a client;
- a Relevant Person and a Client;
- two or more Clients of the Company in the course of providing services to these Clients.

Below is a non-exhaustive list of examples of the typical conflicts of interest, which may arise in relation to the investment services, provided by the Company:

- The Company may engage in business and trading activities for Client accounts whilst other Clients are active in relevant markets at the same time;
- the Company's employees or its Directors accepting substantial gifts or entertainment (including non-monetary inducements), that may influence the behavior in a way that conflicts with the interest of the Client of the Company;
- A transaction is effected in securities in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a client, and/or Company may also be remunerated by the counterparty to any such transaction;
- A director or employee of the Company is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in but the Company on behalf of a client;

- The Company may act as agent for a client in relation to transactions in which it is also acting as agent for the account of other customers and/or its Affiliates;
- A transaction is effected in securities issued by an Affiliate or the client or customer of an Affiliate;
- The Company deals on behalf of the Client with, or in the securities of, an Affiliate;
- A transaction is effected in units or shares of connected investment trusts or unit trusts or open ended investment companies or of any company of which the Company or its Affiliate is the manager, authorized corporate director, operator, banker, adviser, custodian, administrator, attorney or depositary;
- The Company acting on behalf of the Client, matches an Instruction of one client with an Instruction of another client on whose behalf it is also acting;
- The Company has an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the client's personal objective of minimizing transaction costs.

### **3. Factors, conditioning rising of the conflicts of interest**

3.1. Factors, conditioning rising of the conflicts of interest, are:

- 3.1.1. Noncompliance by the Employees of the Company legislation of the Republic of Cyprus, Directives and Regulations of the Cyprus Securities and Exchange Commission, regulated activity of Cyprus Investment Firms, noncompliance with the standards of business and professional ethics,
  - 3.1.2. Abuse of authority by the Employees of the Company,
  - 3.1.3. Noncompliance with the set limitations on transaction performance,
  - 3.1.4. Non-fulfillment of obligations by any Party by agreements (transactions), concluded by the Company,
  - 3.1.5. Noncompliance with the priority of the Clients' Instructions,
  - 3.1.6. Occurrence of Situations, where the Employee of the Company or Affiliated Persons may receive the financial profits or to avoid financial losses at the expense of Client;  
may have interest in result of the services, provided to the Client, or transaction, proceeded on behalf of the Client, which is differ from the Client's benefit;  
may have financial or other motives to put the interests of one Client above the other;  
may perform the same activity, as a Client, and use the information, received from the Client aiming to gain a profit;  
may receive from the persons, other than Client, inducement, related to the services, provided to the Client, in form of cash, goods or services, which differ from standard commissions or fees for these services.
- 3.2. The list of factors in paragraph 3.1 is not exhausted. During evaluation of each certain situation other factors may be considered, related to the occurrence of the conflicts of interests.

### **4. Prevention of the Conflicts of Interest**

4.1. To prevent the occurrence of the conflicts of interest, distribution of the responsibilities and authority of the Employees of the Company for performance of transactions is arranged in such a way to avoid any conditions of occurrence of those factors.

4.2. To avoid any occurrence of the conflicts of interest, Directors and Employees of the Company are obliged:

- to comply with requirements of the legislation of Republic of Cyprus, Directives and Regulation of the Commission and internal documents of the Company,
  - to follow the standards of business and professional ethics,
  - to follow conditions of the concluded agreements (trades) by the Company,
  - to follow the set limitations of performance of transactions (trades), including transactions with affiliated companies and interested parties,
- to follow priority on proceeding of Clients' Instructions,

- to provide timely disclosure of reliable information (including accounting and other published statements) to be disclosed,
  - to provide on the regular basis, at least once per month, reports on all transactions of the Company, including transactions with the Affiliated persons of the Company (if any), to the Board of Directors,
  - to provide effective risk management, including the risk of loss of business reputation,
  - to provide effective function of internal control,
  - to ensure the safety of the confidential information, official and commercial secret, and safekeeping of personal data.
- 4.3. Indicated in the paragraph 4.2. list of measures is non- exhaustive. For each certain situation other measures may also be used, directed to prevent any occurrence of the conflict of interests.

## **5. Conflicts of Interest detection**

- 5.1. Conflict of interest detection performed by all employees of the Company during its activity using the list of factors in paragraph 4.
- 5.2. If the Employee of the Company has become aware of information on Conflicts of Interest, he/she is obliged immediately inform the Compliance Officer of the Company.
- 5.3. To reveal the Conflicts of Interest, the Company performs the record-keeping of all incoming correspondence.
- In case of in the incoming correspondence the conflict of interests has been detected (for example, statement on wrongful performance of the Employee of the Company, or complaint on infringement of Clients' interests), such correspondence shall be provided to Directors and Controller of the Company.

## **6. Conflicts of Interest Settlement**

- 6.1. Directors and Employees of the Company use all available legal methods of settlement of the occurred conflicts of interest using the pre-trial procedures in compliance with interests of the Company and its Clients by the applicable Law.
- 6.2. Persons, involved in the conflicts of interest, cannot participate in its settlement.
- 6.3. In case receiving information on conflict of interest occurrence, Director of the Company is obliged to make sure on existence of the conflict of interests and appoint the person (group of persons), responsible for investigation and settlement of the conflicts of interest.
- 6.4. In case of impossibility of resolving the conflict of interests on the level of Director of the Company, the issue shall be considered on the Board Meeting.
- 6.5. In case of impossibility of resolving of the occurred conflicts of interest during the pre-trial procedures, the parties of the conflict shall appeal to the Supreme Court of the Republic of Cyprus.
- 6.6. Information on measures accepted for conflicts of interest settlement shall be communicated by Director of the Company to all parties of the conflict.
- 6.7. The Company will follow the clear separation of operations in different departments;
- 6.8. No Employees are permitted to collect any conflict information themselves, thus fake or concealment of information from investors is minimized;
- 6.9. It is prohibited to invest in Securities for Employees of the Company, on which they have access to non-public or confidential information;
- 6.10. Employees sign an Agreement on Confidentiality. Any related party cannot disclose insider information, excluding cases, when disclosure is required in accordance with the policies and procedures of the Company, or other Employees of the Company or persons outside of the Company, having valid reasons for obtaining the relevant information;
- 6.11. The effective procedures set for information flow control, where risk of conflicts of interest occurs may bring about damage to Client's interests ;

- 6.12. The relevant information is recorded in safe information carrier, which helps to identify and manage conflicts of interest;
- 6.13. The relevant records are recorded relating to those services and activity of the Company, where the conflicts of interest has been identified;
- 6.14. Related Parties are obliged to follow rules on personal account transactions performance;
- 6.15. In some cases the relevant disclosure of information may be performed to the Client in clear, unbiased and non-misleading manner for decision making by the Client;
- 6.16. Annual assessments of the adequacy of the systems and control procedures of the Company has been implemented.
- 6.17. The Company has developed and applies internal organizational measures for conflicts of interest avoidance by control, management of limitation, respectively, information flows between different spheres of activity or in different department or subdivision. Particularly, «Chinese Walls» are key instrument for avoiding conflicts of interest, insiders or market manipulation risks. «Chinese Walls» include dividing of premises, personnel, reporting lines, files and IT systems, and managed procedures on personnel movement and information inside of the Company.
- 6.18. The Company developed and implemented policies and procedures an all activities for avoidance or control of the potential conflicts of interest. Employees of the Company receive directions and training on policies and procedures, which are subject of control and review.
- 6.19. There is clear separation between operations of different departments. Two departments or business divisions shall be controlled by different managers, if the managing by one employee may influence on conflicts of interest occurrence. Thus, it excludes the fact, that any one employee will collect conflicting information, and risk of fake of information hiding from investors are minimized.
- 6.20. Salary and bonuses are tied to revenue of the Company, business or department, in which the employee works. Salary and bonuses, related to the performance of other departments, with possible conflicts of interest, are excluded in any circumstances.
- 6.21. The Company does not offer, does not require and does not accept any inducements, differ from the below:
- Remuneration, commission or non-monetary inducement, provided by the Client or person, representing interests of the Client;
  - Remuneration, commission or non-monetary inducement, provided by the third party or person, acting on behalf of third party, according to the following conditions:
    - Remuneration, commission or inducement are disclosed to Client prior to the providing the relevant services;
    - it has been done for quality improvement of the relevant services to the Client and in accordance with obligation of the Company to act in accordance with the best interest of the Client;
    - The proper remuneration for investment services, such as custody fees, settlement and conversional commissions, regulators' duties or legal expenses, which cannot provoke conflicts of interest occurrence with obligation of the Company to act fair, impartially and professionally, in accordance with the best interests of the Client.
- 6.22. The Company's employees follow the rules, set in order to avoid conflicts of interest, related to their activity outside of the Company:
- Employees of the Company do not accept any gifts except those, which are recognized acceptable upon their business activity. Excessive gifts from Clients can reflect in conflicts of interest, what shall be avoided by the Company.
  - If no other way of conflict of interests control or accepted measures cannot provide the adequate level of clients' interest protection, the conflict will be disclosed for providing possibility for the Client to take the decision, whether to continue to use services of the Company in the respective situation.
  - The Company may refuse to act for the Client in case, when the Company is sure, that conflict of interest cannot be managed by any other way.

6.23. Listed in the paragraph 6 measures are not exhaustive. In each certain situation shall be used and other measures, directed on conflict of interest regulation.

**Further information**

Further information or details of these conflict management methods are available at any time that the Client requests it by means of durable medium or website [www.ffineu.eu](http://www.ffineu.eu)

**Client's Prior Consent**

By signing of the General Rules and Regulations on Services on the Securities Market the Client agrees and fully accepts all conditions of the present Conflict of Interest Policy of Freedom Finance Cyprus Ltd.



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