

## HF Markets (Europe) Ltd

# CONFLICTS OF INTEREST POLICY

## Conflicts of Interest Policy

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## 1. Introduction

- 1.1. HF Markets (Europe) Ltd (hereinafter the “**Company**”) which is a member of HF Markets Group, is incorporated under the laws of the Republic of Cyprus with Registration No. HE 277582 under the Department of Registrar of Companies and Official receiver ([www.mcit.gov.cy](http://www.mcit.gov.cy)). The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (“**CySec**”) to act as a Cypriot Investment Firm (License No. 183/12) and to provide the Services specified in the Account Opening Agreement found on the Company’s website, and operates under the Law 144(1)/2007 which provides for the provision of investment services, the exercise of investment advice, the operation of regulated markets and other related matters (the “**Law**”) which has implemented the Markets in Financial Instruments Directive (EU Directive 2004/39/EC).
- 1.2. The Company in its capacity as a Cyprus Investment Firm and in accordance with the relevant Law and regulations is required to take all reasonable steps to detect and avoid conflicts of interest, as well as to disclose to the Prospective Client or the Client the existence of any personal interest in any service provided.
- 1.3. The purpose of the Conflicts of Interest Policy (hereinafter the “**Policy**”) is to set out the Company’s approach in identifying the circumstances which may give rise to a conflict of interest, the Company’s measures for preventing the rise of such conflicts of interest as well as managing conflicts of interest which may arise during the course of its normal business activities.
- 1.4. 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.

## 2. Definition

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

## 3. Scope

3.1. The 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.

## 4. Identification of Potential Conflicts of Interest

4.1. For the purposes of identifying the types of conflicts 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 consideration, by way of minimum criteria, the following criteria:

- 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 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;

- d. 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 carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- e. The Company and/or any Related person of 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;
- f. The Company or a Related person carries on the same business as the Client;
- g. The Company or a Related 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 monies, goods or services, other than the standard commission or fee for that service.

## **5. Potential Conflicts of Interest within a group of Companies**

- 5.1. The Company as a member of HF Markets Group must take into consideration any circumstance 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.
- 5.2. The Company shall identify, with reference to the specific investment services and activities and/or any 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.
- 5.3. The Company has adopted procedures and measures set out in 8.3. of the Policy, in order to manage conflicts of interest and ensure that Relevant Persons which are engaged with the provision of investment or ancillary services or activities, carry on those activities on a level of independence appropriate to the size and activities of the Company and of the Group.

## **6. Examples of Conflicts of Interest**

- 6.1. 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. Where the Company executes orders based on quotes (bid and ask prices) provided by the Company.
  - b. Where the prices are determined without reference to a relevant benchmark or market.
  - c. 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.
  - d. The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading.
  - e. The Company may use entities which are members of its group as counterparties to certain transactions.

## **7. Disclosure of information**

- 7.1. Where a conflict of interest or a potential conflict of interest exists and the Company has identified the existence of such conflict of interest or potential conflict of interest it shall disclose to the Client in writing in sufficient detail the general nature and/or source of the potential or the actual conflict of interest before undertaking business on his behalf.
- 7.2. Upon receiving the information, the Client based on the information has the right to decide whether or not to accept the provision of a specific service.
- 7.3. Where the Company is for any reason incapable of preventing or managing a possible conflict of interest it may choose to refuse to continue with the provision of the requested service from the Client.

## **8. Managing Conflicts of Interest**

- 8.1. The Company has established adequate and appropriate internal procedures for minimizing any potential conflicts of interest which include the following:
- a. the Company maintains a Compliance Department which is an independent unit within the Company. Some of the duties of the Compliance Officer is to monitor any possible deviation from the Company's internal policies and procedures as well as identifying and managing any possible conflicts of interest and report to the Company's Board of Directors.
  - b. appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
  - c. 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;
  - d. procedures governing access to electronic data;
  - e. 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;
  - f. 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;
  - g. separate supervision on an on-going basis of the activities of third parties which perform services on behalf of the Company to ensure that such activities are performed in compliance with the applicable Law and regulations;
  - h. risk-adjusted method of calculation of variable remuneration received by third parties which perform activities on behalf of the Company;
  - i. 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;

- j. personal account dealing requirements applicable to Relevant Persons in relation to their own investments;
- k. measures to prevent or limit any person from exercising inappropriate influence over the way in which a Related person carries out investment or ancillary services or activities) measures to prevent or control the simultaneous or sequential involvement of any Related person in separate investment or ancillary services or activities where such involvement may impair the proper management of the conflicts of interest;
- l. segregation of duties that may give rise to conflicts of interest if carried out by the same individual;
- m. establishment of Chinese Walls restricting the flow of confidential and inside information within the Company, and physical separation of departments;
- n. the Company ensures that marketing communication is reviewed and approved by the Compliance Officer prior to distribution to the Client. The Compliance Officer also ensures that such communication meets the relevant definition of marketing communication as well as having the appropriate disclosure statement;
- o. establishment of the “four-eyes” principle in supervising the Company’s activities;
- p. establishment, implementation and maintenance of policies and procedures to monitor the effectiveness of the Company’s Order Execution Policy and any other execution arrangements (more details of the Company’s Order Execution Policy can be found on the Company’s website under section ‘Legal Documentation’);
- q. procedures for taking all reasonable steps to obtain the best possible results when executing Client Orders.

## **9. Inducements**

- 9.1. The Company may pay and/or receive fees and/or commissions and/or any non-monetary benefits to and/or from third-parties. The Company ensures that it will only accept and/or pay such fees and/or commissions and/or any non-monetary benefits to and/or from any third parties at its own reasonable belief that such benefits will enhance the quality of the



offered services to the Client. The Company ensures that such fees and/or commissions and/or non-monetary benefit do not impair the Company's duty to act in the best interests of the Client.

9.2. The Company undertakes to disclose any further details of the above-mentioned arrangements relating to the fees and/or commissions and/or non-monetary benefits at the request of the Client.

9.3. Where the Company has in place arrangements with third parties for performing activities on behalf of the Company and which receive fees and/or commission and/or non-monetary benefits which are subject to mark-up or mark-down on the available trading prices, the Company shall obtain the Client's prior acknowledgement and acceptance.

## **10. Staff Remuneration**

10.1. Determination of appropriate remuneration of staff members is conducted wholly by the Company's senior management. Only remuneration for senior staff is determined upon the overall business production of the Company.

10.2. All other staff members receive remuneration (either fixed or variable) which is determined by the nature and performance of their duties. The Company has established methods of calculating the variable remuneration received by a portion of the staff members of the Company, which are risk-adjusted and are designed to ensure that staff members act in the best interests of the Clients.

## **11. Client's Consent**

11.1. The Client acknowledges and understands that the Company has the right to determine the most appropriate and fit way to manage situations of conflicts of interest in accordance with the best interests of the Client, the nature and risks involved with a specific investment service as well as maintain the Company's business production.

**12. Amendment / Review**

12.1. The Company has the right to amend the current Policy at its discretion at any time it considers is suitable and appropriate. The Company shall review and amend the current Policy at least on an annual basis.

**13. Further Information**

13.1. For further details with regards to the Company's Conflicts of Interest Policy and procedures, the Client can contact the Support Department ([support@hfeu.com](mailto:support@hfeu.com)) and request for such documentation.

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