

StoneX Europe Ltd

Summary of Conflicts of Interest Policy

v.04.21

1. Purpose

The purpose of this Policy is to specify the procedures put in place by StoneX Europe Ltd (the 'Company'), for identifying and responsibly preventing or managing and controlling and, where necessary, disclosing 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 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 policies and procedures.

By accepting the Company's terms for the provision of investment services, the Client is consenting to the application of this Policy. If the Company is unable to deal with a conflict of interest situation it shall revert to the Client.

2. Legal Framework

In accordance with legal framework governing Cyprus Investment Firms (hereafter 'CIFs') and in particular, the Investment Services and Activities and Regulated Markets Law of 2007 ('Law' or 'L. 87(I)/2017') and Delegated Regulation 2017/565, Cyprus Investment Firms are required to establish, implement and maintain an effective conflict 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.

3. Scope

The Policy applies to the below *relevant persons*:

1. A director or equivalent, manager or tied agent of the Company;
2. An employee 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 tied agent of the Company and who is involved in the provision by the firm of investment services and activities;

4. Identification of Conflicts of Interest

For the purposes of identifying possible conflicts of interest, the Company has established and maintains this Policy which is set out in writing and is available to any of the (Prospective) Clients of the Company through its website.

The Policy contain, *inter alia*, provisions on the following:

3. identify with reference to the investment and ancillary services carried out by the Company, the 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'
4. specify procedures to be followed and measures to be adopted in order to prevent or manage such conflicts.

A conflict of interest may arise, between the following parties:

1. Between the Client and the Company;
2. Between two Clients of the Company;
3. Between the Company and its employees;
4. Between the Client of the Company and an employee/manager of the Company;
5. Between Company's Departments.

In particular, the Company defines a conflict of interest as any situation where either the Company or an individual is in a position to exploit a professional or official capacity in some way for either corporate or personal benefit.

Situations where conflicts of interest can occur include the following:

1. 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;
2. 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;
3. 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;
4. 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;
5. 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.
6. In particular, the Company defines a conflict of interest as any situation where either the Company or an individual can exploit a professional or official capacity in some way for either corporate or personal benefit.

Situations where conflicts of interest can occur include the following:

- 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.

5. Management of Conflicts of Interests / Procedures and Controls

5.1. Managing Conflicts of Interest

The Company's Compliance department along with the Company's Directors are in charge of taking all reasonable steps for the identification and management of the conflicts arising in the aforementioned scenarios. In specific, the latter persons are also in charge of keeping up-to-date this policy in order to ensure the compliance with the relevant regulation(s).

5.2. Processes and Controls

The following measures have been adopted by the Company for ensuring the requisite degree of independence:

- Measures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest by establishing Chinese walls amongst the various departments with clear reporting lines);
- 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. The Company's departments whose interests may conflict with Clients of the Brokerage and Dealing on Own Account Departments;

- Removal of any direct link between the remuneration of relevant persons principally engaged with 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. In specific, a remuneration policy/methodology that do not compromise the Company's duty to act in the best interest of its clients;
- 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. The company has established control mechanisms such as monitoring of client communication, training of all its employees according to their daily tasks and set up two persons signatories' rule whenever this is deemed necessary;
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities such as reception and transmission of Clients' orders. The company secures that every department is staffed by knowledgeable and professional employees and that all functions are performed from different teams under separate supervision.
- 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.

- The Company strives to ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally.

The Company is aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also help to ensure that the firm's governing body receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

- The Company deals as a counterparty to the Clients' transactions, which inherent conflicts of interest.

The following measures were implemented by the Company so as to comply with its obligations to prevent and manage conflicts of interest as well as to act honestly,

fairly and professionally in accordance with the best interests of its clients, and to execute orders on terms most favourable to the client:

1. Leverage

The Company implements has set up the following leverage limits in order to mitigate the potential conflict of interest between the Company and retail client stemming from the use of leverage:

- a. 30:1 for major currency pairs;
 - b. 20:1 for non-major currency pairs, gold and major indices;
 - c. 10:1 for commodities other than gold and non-major equity indices;
 - d. 5:1 for individual equities and other reference values and
 - e. 2:1 for cryptocurrencies.
2. A margin close-out rule on a per account basis. This will standardize the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail clients' open CFDs accounts;
 3. Negative balance protection on a per account basis.
 4. This will provide an overall guaranteed limit on retail client losses;
 5. Restrictions on the incentives offered to trade CFDs;
 6. Standardized risk warning, including the percentage of losses on a CFD provider's retail investor accounts.
- The Company does not outsource the responsibility of executing clients' orders to any other third party as this is one of the core aspects of our business and the main obligation towards our clients. According with the Company's Order Execution and Dealing on Own Account policies, the Company shall always remain responsible for the execution of Clients' orders.

Considering the responsibilities of the Company in regard to the execution of Clients' Orders as a Market Maker, it is noted that the Company takes all the reasonable steps to obtain, when executing orders, the best possible results for its clients taking into account prices, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

To mitigate the conflict of interest arising from dealing with our clients as a counterparty, the Company operates under the Matched Principal Model, and as a result all our trades are fully hedged on a back-to-back basis with another entity of the StoneX group, always under best execution arrangements. Therefore, the Company secures that its profit will result only from the spread and commissions (where applicable) and not by the clients' profit or loss based on their trading activity.

- SEL does not provide any Investment Advice to its Customers in order not to influence in any way the Customers' trading decisions.

- Selection of Liquidity Provider

The criteria that have been taken into consideration from the Company for its decision to collaborate with StoneX Financial Limited (hereafter 'SFL' or 'LP'), are the following:

1. Availability of the financial instruments the Company wishes to trade;
2. Price and costs;
3. Speed;
4. Likelihood of execution and settlement;
5. Regulatory status;
6. Reputation of the execution venue;
7. Other Best execution criteria.

To secure that quality and Best Execution services are offered to the clients, the Company will periodically evaluate the factors and metrics and specific trading statistics resulting from the offered services such as the frequency of requotes or rejected orders.

StoneX Europe Ltd on a going basis evaluate and monitor the quality of Best Execution, it records any discrepancies, escalates any serious deficiencies to the Senior Management and takes corrective measures.

Overall, the Company has implemented a governance structure to ensure that its best execution arrangements deliver the best possible result on a consistent basis in terms of total consideration (the price of the financial instrument and the cost for the client related to execution). Monitoring and regular reviews are crucial to ensure compliance with Best Execution practices.

- A Personal Transaction Policy containing the requirements applicable to relevant persons in relation to their own investments;
- A gift and inducement log registering the solicitation, offer or receipt of certain benefits.
- Prohibition of external business interests conflicting with the Company's interest as far as the Company's employees are concerned, unless the management approval is provided;
- Establishing of an in-house Compliance department to monitor and report on the above to the Company's Board of Directors;

5.3. Additional Measures

The Risk Management department will ensure by means of regular checks and inspections that the abovementioned procedures and controls are being followed.

Furthermore, the Internal Auditor shall be responsible for monitoring and supervising all the procedures and controls regarding the Company's conflict of interest policy, at least once a year.

6. Inducements, Commission, Remuneration and Gifts

- The Company currently does not receive or pay any monetary or non-monetary benefits to any third party(ies) for the provision of any investment service or activity. Relevant disclosures shall be made to client prior to the provision of investment service. At any time, upon a request from the client, the Company shall provide a detailed breakdown of the amounts paid to the respective third party(ies).
- The latter Third Party(ies) shall always be supervised by the Company, while appropriate measure shall be applied by SEL, where the third party(ies) is/are not acting in accordance with the applicable framework/requirements and the best interest of the Company's Clients.
- The Company shall always have mechanisms and processes in place to ensure that in all cases, the clients are treated fairly and professionally, in accordance with their best interest.
- The Company does not compensate (through a bonus scheme) employees based on any factors that create a conflict of interest with the clients they interact with. Employees shall always remunerate only based on their performance which is evaluated based on both quantitative and qualitative factors/indicators.
- The Company does not offer, request or accept any means of remuneration that are different from the officially disclosed fees and commissions.
- The Company does not allow its staff and in specific relevant persons to accept any type of gifts or financial benefits of any type. Gifts of low value may be accepted, as long as the Company is informed and approves the latter gifts. The Company shall maintain gifts and inducement log for low value gifts.

7. Internal Reporting Conflicts of Interests

In the case of identification of a possible conflict of interest situation, a relevant person must refer it initially to its immediate supervisor to assist in the assessment of a material risk of damage and thereafter it should be referred to the Company's Compliance department and management.

8. Disclosure of Conflicts of Interest

The Company will use all appropriate efforts to manage or otherwise prevent a conflict of interest situation, but if these efforts are not appropriate to ensure, with appropriate confidence, that the risk of damage to the the interest of a client will be prevented. SEL shall,

where appropriate, disclose the nature and/or the source of the conflict of interest in writing to the client before undertaking any business.

Any disclosure shall contain appropriate information to allow the client to make an informed decision. It is the policy of SEL to disclose material interests or conflicts of interest to the client whether generally or in relation to a specific transaction, before of the provision of the latter.

The client will be given an opportunity to decide on whether or not to continue their relationship with the Company with no unreasonable obstacles. If SEL does not believe that disclosure is appropriate to manage the conflict of interest, the Company may choose not to proceed with the transaction or matter giving the raise of the latter conflict.

Over-reliance on the disclosure of conflicts of interest shall be considered a deficiency in the Company's conflict of interest policy.

9. 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.

The documentation shall be maintained for a minimum period of five years.

The Company's management shall receive on a frequent basis, at least annually, reports on activities and occurrences to in this report.

10. Policy Amendment and Reviews

The Company maintains the right to review and amend its conflict of interest policy and its controls whenever is appropriate. The Company's Compliance department and its Board of Directors shall review and amend, if needed, its internal; and disclosure document with respect to conflict of interest on at least on an annual basis.

The Company shall assess and periodically review, on at least annual basis, the conflict of interest policy and shall take all appropriate measures to address any deficiencies.