

# **CONFLICTS OF INTEREST POLICY**

## **Version 1.1**

### **Octa Markets Cyprus Limited**

## A. Background & Core Regulatory Requirements

Octa Markets Cyprus Ltd (hereinafter “the Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (hereinafter “CySEC”) with licence number 372/18.

In accordance with **Article 34(1) of Regulation 565/2017**, Cyprus Investment Firms (hereafter “CIFs”) shall establish, implement and maintain an effective conflict of interest policy set out in writing and appropriate to the size and organization of the firm and the nature, scale and complexity of its business.

In accordance with **Article 23(1) MiFID II**, CIFs shall take all appropriate steps to identify, prevent or manage conflicts of interest in the organization (including their managers, and employees, or any person directly or indirectly linked to the Company by control) and their Clients that arise in the course of providing any investment service and ancillary services or combinations thereof.

CIFs shall take all appropriate steps to identify, prevent, or manage conflicts of interest between one Client and another that arise in the course of providing any investment and ancillary services, or combinations thereof.

CIFs shall take all appropriate steps to identify, prevent, and manage conflicts of interest caused by the receipt of inducements from third parties.

CIFs shall take all appropriate steps to identify, prevent, and manage conflicts of interest arising from their remuneration and **incentive** structures.

The Conflicts of Interest Policy (hereinafter “the Policy”) sets out Octa Markets Cyprus Ltd (hereinafter “the Company”) policy to effectively manage any conflicts of interest that may arise in carrying on its business. The policy takes into consideration the Company’s organization and the nature, scale, and complexity of the business it conducts with its Clients.

The Policy is established in accordance with the **Cypriot Law 87(I)/2017** “Investment Services and Activities and Regulated Markets Law” and **MiFID II** requirements.

The Policy identifies, with reference to the specific investment services and activities and ancillary services carried out by or on behalf of 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 and specifies the procedures to be followed and measures to be adopted in order to manage and prevent such conflicts.

Its aim is to ensure that the Company’s Clients are treated fairly and at the highest level of integrity and that their interests are protected at all times. The Policy covers conflicts that may arise between the Company or an employee of the Company and its Clients as well as between the Clients.

The Senior Management of the Company is responsible for ensuring that the Company’s systems, controls, and procedures are robust and adequate to identify and manage any conflict of interest which might arise in relation to its business. The Company’s Senior

Management also ensures that all the arrangements made under the Policy operate effectively.

Where the organizational and administrative arrangements made to prevent conflicts of interest affecting the Client's interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Client's interests will be prevented, and as a last measure, the Company shall clearly disclose to the Client the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on their behalf. Where there is a risk of damage to a CClient's interest that can't be prevented the Company shall:

- disclose the conflict of interest to the Client;
- agree with the Client the best way to protect the Client's interest; and
- ask for the Client's consent before providing any services or taking any further action. Such conflict of interest should be disclosed in a durable medium.

The Company will disclose to Clients the specific conflict of interest and include sufficient detail, taking into account the nature of the Client, to enable that Client to make an informed decision with respect to the service in the context of which the conflict of interest arises.

The Company must ensure that disclosure of conflicts to Clients is used only as a last resort, which shall only be used where the organizational and administrative arrangements established to prevent or manage such conflicts are insufficient to ensure, with reasonable confidence, that the risk of damage to the Clients' interests will be prevented, as such the Company will do the best in order to avoid the conflict of interests and to fall the policy and relevant legislation.

The Company must ensure that it is not engaged in an operation where the Company cannot manage a conflict of interest by way of implementing appropriate procedures.

All Employees observe the highest standards of professional ethics. Senior Management is responsible for ensuring proper operation of controls for compliance with procedures necessary to identify and handle Conflicts of Interest. Compliance Department shall assist Senior Management in identification and monitoring of actual and potential Conflict of Interest.

The Company and its Employees are committed to obeying the Policy and the Applicable Law, observing the principles of professional ethics, ensuring protection of their Clients' and counterparties' interests, and avoiding conflicts between the private interests of their Employees and the interests of the Company.

The Company shall ensure that its Clients are treated fairly and equally when dealing on their behalf.

## **B. Definitions & Overview**

**“Client”** means any individual and/or legal entity using the services of the Company.

**“Confidential Information”** means any information of actual or potential commercial value for the Company by virtue of its being unknown to third parties, that cannot be freely accessible on legal grounds and that is subject to Private Side treatment by the Company.

**“Conflict of interest”** means a situation whereby a Client may suffer a loss or disadvantage through an action which results in a benefit or advantage to the Company or another Client, a

situation where an employee's; personal interest (direct or indirect) affects or may affect the proper performance of his/her job (employment) duties. It includes (but is not limited to: hr documents, personal data of employees, Clients, counterparties, strategies, investment patterns, volumes, transactions, financial models, business plans, new products, auditors, and legal due diligence reports on projects, secrecy of communication, etc.). Confidential information can be provided in oral, written, and any other form, including the use of technical means, with consent to the Company or without such consent in the cases provided by the applicable law.

**Control Measures on Information Transfer (Chinese wall)** means information barriers within the Company that help to control the circulation of Confidential and insider Information and to manage both actual and potential Conflict of Interest. The Chinese wall has a Public Side and a Private Side.

**“Durable medium”** means any instrument which enables a Client to store information addressed personally to that Client in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;

**“Employee”** - means a permanent or temporary employee of the Company and a person directly or indirectly linked by control to the Company.

**“Family”** means a family member or partner of the employee.

**“Inside Information”** means accurate and particular information which was not distributed or provided and which, if distributed or provided, may have a material effect on prices of Financial Instruments, foreign currency, and/or commodities, such information being stipulated in the applicable law.

**“Insider”** means a person having access to Insider Information, whose status, rights, and obligations are determined pursuant to applicable law.

**“Personal account”** means a transaction with securities for the account of an Employee of the Company or his/her associate, where associate means a person somehow related to the Employee of the Company.

**“Personal transaction”** means any transaction in an instrument included under the Company's conflict of interest policy, personal dealing policy, or any such other Company policy imposing restrictions over employee trading activity.

**“Private Side”** means protectable information that is not available to the public pursuant to the applicable law and internal regulations of the Company.

**“Public Side”** means information that is available to the public by virtue of qualifying under the applicable law as information that may not be subject to restricted access treatment and/or that was made public in compliance with the disclosure obligations pursuant to the applicable law.

**“Wall Crossing”** means provision/receipt of Private Side information to/by a Public Side Employee or participation of a Private Side Employee in projects capable of affecting the content of Public Side information.

**“Senior Management”** means the Senior Management of the Company, e.g. high-level executives responsible for control, short-term planning, and other managerial functions that are aimed at the Company achieving relevant strategic objectives.

The Company has procedures in place to prevent and manage conflicts of interest that are regularly reviewed by the Compliance Department and Senior Management and approved by the Board of Directors in order to ensure that the policies and procedures are up to date, reflect best practice, cover all required business activities and regulations and are appropriately followed.

For the purposes of identifying the types of conflict of interest that arise in the course of providing the following investment services:

- reception and transmission of orders in relation to one or more financial instruments;
- execution of orders on behalf of Clients; and
- dealing on own account,

and the following ancillary services:

- safekeeping and administration of financial instruments, including custodianship and related services; and
- foreign exchange services where these are connected to the provision of investment services,

or a combination thereof and whose existence may damage the interests of a Client, by way of minimum criteria, whether the Company or an Employee, are 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 an Employee is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- b. the Company or an Employee 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;
- c. the Company or an Employee 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 an Employee carries on the same business as the Client;
- e. the Company or an Employee 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 monetary or non-monetary benefits or services.

### **C. Prevention of Conflict of Interest**

The following actions should be undertaken in order to prevent a potential or actual conflict of interest:

- The effective procedures to prevent or control the exchange of information between a relevant person engaged in investment activities, where the exchange of that information may harm the interests of one or more Clients, should be developed and appropriately adopted by the Company.
- There should be a 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 including those of the Company.

- There should be measures and procedures to ensure that relevant persons engaged in different business activities involving a conflict of interest, carry on those activities at a level of independence appropriate to the size and activities of the Company and to the risk of damage to the interests of Clients.
- There must be a removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of other persons principally engaged in another activity where a conflict may arise in relation to those activities.
- There should be 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/activities.
- There should be measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment/ancillary services or activities where the involvement may impair the proper management of conflicts of interest. For example, in the Company there are implemented and enforced policies and procedures to safeguard insider information, in order to ensure that no improper trading occurs, all employees, including Directors should complete a request for personal account trading (opening account and performing transactions), implementation of the Chinese-Walls, etc.

#### **D. Operational process for managing an identified actual or potential conflict of interest**

The Company manages conflict of interest situations by way of an escalation policy. This involves the following stages:

1. Identification & Advance Planning
2. Notification
3. Assessment and Escalation Resolution
4. Reporting & Disclosure Record keeping
5. Identification & Advance Planning

Where a conflict is identified, and where the conflict could be materially detrimental to conduct or decisions taken by the Company or to the interests of one or more Clients, mitigating action must be taken. Advance planning will enable the Company to identify when a potential conflict may become an actual conflict. Advance planning for the identification and management of conflicts of interest must take account of new business initiatives, changes in regulation, and market practice.

It is important to avoid the creation of a conflict of interest. In extreme cases, due to the acute or pervasive nature of a conflict, the only solution may be to decline business or withdraw from a situation.

Identification and notification of actual or potential conflicts of interest is the responsibility of all employees of the Company. Compliance Department should arrange for all employees of the Company training on the correct handling of Conflicts of Interest. All Employees should be aware of their responsibilities to identify situations that require reporting and handling under the conflict of interest policy.

In case of any doubts, whether a situation represents a potential conflict of interest, the Employee is required to raise the issue immediately to the Compliance Department.

We have a procedure in the structure of the Company where all departments have a conflict of interest policy where information is not linked between the departments. The Policy also takes the form of confidentiality agreement.



## **E. Notification**

Upon identifying an actual or potential conflict of interest, the employee must immediately raise the issue to the Compliance Department, who is responsible for assessing and monitoring all conflict of interest situations.

From the moment that a conflict of interest is identified, this should be reported to the managing director immediately and steps should be taken.

## **F. Assessment and Escalation**

The Compliance Department is responsible for assessing all conflict of interest situations. This includes (but is not limited to) assessing:

- Whether the situation represents an actual or potential conflict of interest.
- Where the situation is a perceived conflict, the risk that it may become an actual conflict.
- How the conflict of interest can be appropriately managed.
- The degree of materiality of the conflict of interest.
- Whether the conflict of interest requires immediate notification to Senior Management for further assessment the seriousness of the risk or the risk rating of the conflict, there should be in place a risk matrix, so that the conflicts can be assessed against the matrix and gives direction on the level of the reporting & action required.

## **G. Resolution**

The Company will take the necessary actions to resolve and/or manage conflict of interest situations. This may include (but is not limited to):

- Managing the situation in such a way as to prevent the conflict of interest arising (for example: people working in different places, different access rights, providence of training, performance of monitoring activities and inspections, etc.).
- Managing the situation in such a way as to ensure that the interests of the Company or employee are not permitted to disadvantage or lead to a loss for the Client(s) (confidentiality agreement).
- Escalating the conflict of interest to the Client(s) so that the Client(s) may decide upon a satisfactory course of action (we must inform the Client of a conflict of interest prior to doing work for that Client)

## **H. Reporting and Disclosure**

All Conflict of Interest Issues should be raised to the Compliance Department immediately. Compliance Department should report to the Board of Directors any significant issues and actions undertaken.

Senior Management receives on a frequent basis, and at least annually, written reports on situations referred to in relation to such requirements as (included, but not limited to) record of services or activities giving rise to detrimental conflicts of interest, details of the situation, the assessment and escalation activities undertaken and measures taken to mitigate them.

The Compliance Department is responsible for the identification and management of conflicts of interest on a daily basis according to the escalation policy as described above. Where there is an identified significant conflict of interest, the Senior Management will be informed immediately.

Employees are required to request a conflict check from the Compliance Department.

**This request should take place in the following circumstances:**

- Where a business is considering entering into a confidentiality, exclusivity or other type of restrictive agreement;
- Where a business area identifies that material non-public information may be, or has been, received from a Client, prospective Client or third-party;
- Where a private side business is seeking to engage in a new Client opportunity or project; or
- Any other situation where an individual identifies that a conflict of interest has arisen or could arise.

**The outcome off the conflict check may include any of the following:**

- **Approval** – No conflicts have been identified;
- **Conditional Approval** – This may occur where a potential or actual conflict has been identified, however appropriate management of the conflict may allow the business area to proceed with the relevant business activity;
- **Referral** – Where a possible legal opinion on the conflict may have to be sought;
- **Rejection** – Where the identified conflict cannot be appropriately managed.

Relevant employees are responsible for ensuring Compliance is kept informed of any changes to the proposed business activity.

**Examples of conflicts of interest (including, but not limited to):**

- A person who is also a Client may be faced with a decision regarding whether fees for Clients should be increased.
- A person who is related to a member of staff and there is a decision to be taken on staff pay and/or conditions.
- A person who is also on the committee of another organization that is competing for the same funding/contract.
- A person who has a dual role for different Departments/Organizations and utilizes their conflicting knowledge to their advantage within their dual role capacity.
- A person who has access to IT systems and/or is being sent sensitive data and is able to utilize this information for their benefit.
- A person who is aware of their personal conflicts in their day-to-day activities but fails to disclose to a third-party the conflict.
- An entity that carries out varied activities and does not have “Chinese-Walls” to support independence on each activity.

When it is necessary to disclose specific conflicts of interest to the Client, the Company will clearly state in that disclosure that the organizational and administrative arrangements set up to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interest of the Client will be prevented.



The Company takes into account that the disclosure shall include a 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 will 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 make an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise.

**According to the Company, the Policy over-reliance on the disclosure of conflicts of interest is considered a deficiency.**

After a Client has been informed of relevant conflicts of interest, the Client's consent to proceed with a transaction must be obtained. The ultimate decision of whether to proceed rests with the Client.

The effectiveness of disclosure as a tool for addressing conflicts of interest may also depend upon the level of sophistication of the Client and the extent to which they are able to understand and act upon the information given to them. In this context, it is relevant to consider the level of the Client's sophistication.

Disclosure to Clients, where the general nature and the conflicts of interest are clearly disclosed to the Client before the Company provides any services, is made in a durable medium according and includes sufficient detail, taking into account the nature of the Client, to enable that Client to make an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

**OCTA MARKETS CYPRUS LTD will provide the policy on paper, the policy will be provided in a durable medium other than on paper only if:**

- a. the provision of that information in that medium is appropriate to the context in which the business between the Company and the Client is, or is to be, carried on; and
- b. the person to whom the information is to be provided, when offered the choice between information on paper or in that other durable medium, specifically chooses the provision of the information in that other medium. The provision of information by means of electronic communications shall be treated as appropriate to the context in which the business between the Company and the Client is, or is to be, carried on if there is evidence that the Client has regular access to the internet. The provision by the Client of an e-mail address for the purposes of the carrying on of that business shall be treated as such evidence. (Also, the Client may provide with the written consent to receive the policy via authorized e-mail or via the Company's web-site).

## **I. Record keeping**

As according to the current legislation, it is required to keep and regularly to update a record of the kinds of investment or 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 Compliance Department maintains a register of all circumstances in which a conflict of interest has arisen. The register also contains the measures taken to mitigate the conflict of interest or to manage it. The register is updated any time a conflict of interest has arisen or may have arisen and is kept for a minimum of five (5) years. The register contains a description

of the circumstances which constituted or may have constituted a conflict of interest, names of the persons involved, the name of the person responsible for the mitigation of the conflict, a description of the steps taken in order to mitigate the conflict - including Client disclosures and subsequent resolutions.

The Company assesses and periodically review, at least on an annual basis, the Policy and take all appropriate measures to address any deficiencies.

The Company keeps and regularly updates a record of the kinds of investment or ancillary service or investment activity carried out by or on behalf of the Company in which a conflict of interest entailing a 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.

**Business activities which may give rise to a conflict of interest.** Taking into consideration the services the Company offers, potential conflicts of interest may include, but are not limited to:

- Personal account dealing;
- Inappropriate exchange of information & Use of Inside Information;
- Inducements, gifts, and invitations requiring hospitality expenses;
- Bribery and corruption;
- Competing Client interests;
- Outside employment;
- Ownership interest in the Company;
- Personal account dealing.

The Company maintains a personal dealing policy that all employees are required to observe. The Policy places restrictions on employees to ensure that all personal dealing activity is appropriate and will not create an actual or potential disadvantage or loss to a Client.

All personal dealing requires pre-approval.

The pre-approval process requires an assessment as to whether a Client is or may be trading in the instrument for which permission is being sought.

In the event that a Client is trading or may trade in the same instrument, the employee is not permitted to trade until the Client no longer has an interest in trading. (See also "Watch and Restricted Lists Policy and Procedures below").

## **J. Inappropriate exchange of information & use of Inside Information**

The Company has procedures in place to manage situations where the exchange of information must be controlled in order to prevent or manage conflicts of interest. All employees are required to observe the Company's insider dealing policy. Our insider dealing policy requires employees to notify Compliance of all situations whereby an employee becomes aware of inside information.

Employees are also required to notify Compliance of any situation where information received might constitute inside information. Compliance will record the circumstances of the situation and take such action as is necessary and appropriate.

It is prohibited to all Employees of the Company, including Senior Management to use Inside Information:

- a. For trading in Financial Instruments, foreign currency, commodities to which such Inside Information relates, at their own expense, at the expense of 3<sup>rd</sup> party, except for transactions carried out in discharge of a matured obligation to buy or sell such Financial Instruments, foreign currency and/or commodities, if such obligation resulted from a transaction carried out before the Inside Information came to the knowledge of that person;
- b. By transferring the Inside Information to another person, except when this information is transferred to a person treated by the Company as its Insider as such transfer is connected with the performance of duties under applicable law, job duties or via agreement;
- c. By giving recommendations to 3<sup>rd</sup> parties, obliging or inducing them in any other way to purchase or to sell Financial Instruments, foreign currency and/or commodities;
- d. In any other cases envisaged by the applicable law.

## K. Inducements & Gifts

An inducement is a reward for a specific behaviour, designed to encourage that behaviour. It may take the form of a financial or non-monetary incentive that is paid/provided to or by the Company in relation to the provision of an investment or ancillary service to a Client. Within the Company, no inducements are permitted other than:

- a. Proper fees;
- b. A benefit designed to enhance the quality of the service to the Client;
- c. An incentive provided to or by either a Client or a third party if:
  - i. It does not impair the Company's duty to act in the best interests of the Client; and
  - ii. The existence, nature, and amount of the fee/commission/benefit, or the method of calculating that amount, is clearly disclosed to the Client prior to the provision of the service.

Employees, their families, and any personally connected individuals are **not** allowed under any circumstances to offer or give, solicit or accept any inducement which causes, is likely to cause, or is perceived as likely to cause conflict with any duties owed by themselves or the Company to Clients.

A gift is when the Company or an employee of the Company gives/receives a benefit or gratuity from/to a Client without receiving fair compensation. The giving or receiving of gifts may result in the opportunity for financial advantage, e.g. to make, receive, or increase any gain or revenue; to avoid or reduce any loss or expense. There is a risk that a gift may be seen as a bribe.

Under no circumstances may money or cash convertible gifts be offered or accepted.

Normal business courtesies, such as lunch and dinner invitations, or entry to (including reasonable hospitality at) an artistic, social or sporting event, do not require Compliance approval provided the Company's host is present.

All gifts must be recorded on the Gifts Register (see below for items that may be excluded from this requirement). The Company or an employee is prohibited from giving anything in excess of one hundred euro (100 EUR) per individual per calendar year to any person where such payment or gratuity is in relation to the Company's business. Receiving gifts from vendors or others is also limited to 100 EUR per year; this is a business (not regulatory) rule.

Gifts of tickets to artistic/social/sporting events or similar where the employee does not accompany/is not accompanied by the Client are considered to be gifts. As stated above, such gifts are not permitted to be given; this is a business rule.

Sporting events or similar where the employee does accompany the Client may not be so frequent or so expensive as to raise a suggestion of unethical conduct.

The EUR 100 limitations on gifts and gratuities do not apply to usual business entertainment such as dinners or sporting events where the employee hosts the entertainment, though such expenses should be reasonable.

"Entertainment" includes a broad range of activities such as trips, parties, and other activities where an employee hosts someone related to the Company's business.

All entertainment and related expenses paid for by an employee seeking reimbursement from the Company must be detailed on an expense form with receipts attached.

This clause of the Policy does not apply to gifts of de minimis value (such as pens, notepads, or modest desk ornaments) or to promotional items of nominal value with the Company's logo (e.g. umbrellas, tote bags or shirts). Promotional items must be valued substantially below the EUR 100 limit to be excluded from the Gifts Policy.

## **L. Anti-bribery and corruption**

Bribes, including kick-backs and bid-rigging, are prohibited. Gifts and entertainment (including marketing) may also be construed in certain circumstances as bribery.

Employees are prohibited from offering, giving, soliciting, or accepting an inducement or gift if it is likely to materially conflict with any duty that the employee or the Company owes to its Clients.

Moderation and common sense must be used in this context. In particular, no inducement or gift should be given if public disclosure of the circumstances of the inducement or gift would embarrass either the employee or the Company.

To avoid the appearance of an inducement or gift, the existence, nature, and amount of a fee, commission, or benefit must be disclosed to the Client prior to the provision of the relevant service. Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees do not give rise to conflicts with the Company's duties to act honestly, fairly and professionally in accordance with the best interests of the Company's Clients, nor should fees and commissions designed to enhance the quality of the relevant service to a Client give rise to conflicts.

A bribe usually 'buys' something, for example, the influence of the recipient, who makes the business decision. For example, it is a bribe to receive kickbacks or commission from a supplier as a 'reward' for awarding a contract to that supplier.

To give or receive a bribe creates a conflict of interest for the individual in relation to their related activities. For this reason, giving/receiving any bribes is prohibited.

## M. Personal Transactions

Personal Transaction means a trade in a Financial Instrument effected by or on behalf of a relevant person, where at least one (1) of the following criteria are met, the Company established appropriate rules governing Personal Transactions by the Company's managers and employees.

The Company and its employees should ensure that the Clients are treated fairly. To ensure Client's fair treatment, the Company has introduced the following procedures:

- Notification procedures for the employees of the Company and relevant persons;
- Disclosure of a conflict of interest to Clients;
- Placing Client interests first Establishing Chinese-Walls;
- Segregation of Company's assets from Clients' assets;
- Inform relevant persons on the restrictions on Personal Transactions and the measures established by the Company in connection with Personal Transactions and Notification procedures;
- Compliance/Money Laundering officer has the responsibility to ensure that relevant persons have been informed;
- Keeps records of all Personal Transactions notified to or identified by him including any authorization or prohibition in connection with such transaction measures for Personal Transactions and notifies relevant persons on the restrictions on Personal Transactions and the measures established by the Company in connection with Personal Transactions and Notification procedures

**“Personal transaction”** - means any transaction in an instrument included under the Company's Conflict Of Interest Policy, personal dealing policy, or any such other Company policy imposing restrictions over employee trading activity.

That relevant person is acting outside the scope of the activities he carries out in that capacity. The trade is carried out for the account of any of the following persons:

- The relevant persons;
- Any person with whom he has a family relationship, or with whom he has close links;
- A person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

The Company is required to establish, implement and maintain adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or who has access to inside information within the meaning of **Section 5 of the Insider Trading and Market Manipulation (Market Abuse) law** or to other confidential information relating to Clients or transactions with or for Clients by virtue of an activity carried out by him on behalf of the Company entering into a personal transaction which meets at least one (1) of the following criteria:

- a. that person is prohibited from entering into it under the abovementioned law;
- b. it involves the misuse or improper disclosure of that confidential information;
- c. it conflicts or is likely to conflict with an obligation of the Company under the Law;
- d. advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in Financial Instruments which, if a personal transaction of the relevant person, would be covered by **point (a) of this subparagraph or Paragraph 28(2)(a) or (b) or paragraph 26(3) of the Directive D1144-**



**2007-02 for the Professional Competence of IFs**, without prejudice to **Section 9(1)(b) of the Insider Trading and Market Manipulation (Market Abuse) law**, disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:

- i. to enter into a transaction in Financial Instruments which, if a personal transaction of the relevant person, would be covered by **point (a) of this subparagraph**, or **Paragraph 27(2)(a) or (b) or paragraph 26(3) of the Directive DI144-2007-02 for the Professional Competence of IFs**;
- ii. to advise or procure another person to enter into such a transaction.

**The arrangements required under the previous paragraph must particularly be designed to ensure that:**

- each relevant person covered by the previous paragraph is aware of the restrictions on Personal Transactions, and of the measures established by the Company in connection with Personal Transactions and disclosure, in accordance with the previous paragraph;
- the Company is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the Company to identify such transactions;
- In the case of outsourcing arrangements, the Company must ensure that the entity to which the activity is outsourced maintains a record of Personal Transactions entered into by any relevant person and provides that information to the Company promptly on request;
- a record is kept of the personal transaction notified to the Company or identified by it, including any authorisation or prohibition in connection with such a transaction.

OCTA MARKETS CYPRUS LTD is informed promptly of any personal transaction entered into by a relevant person by notification of that transaction and the employee should get prior approval from the Compliance and Risk Management Department.

**The Company's employees:**

- are required to report to management their investments through other brokers;
- are prohibited from entering into personal account transactions that may be in conflict with the Company's duties to its Clients;
- are prohibited from entering into personal account transactions with Clients of the Company;
- are required to report to the Compliance Officer and Risk Management personal account transactions prior to execution;
- are prohibited from requesting another person to enter into a transaction for his/her behalf.

An employee may not enter into Personal Transactions in instruments in relation to which he possesses inside information (e.g. information in relation to a Financial Instrument which has not been made public and which, if it were made public, would have a significant effect on the price of the Financial Instrument) or is in a situation of conflict of interest. This means that he may not even advise or procure other people to enter into such transactions. In any case, his firm should be aware of all Personal Transactions he carries out. The restrictions on Personal Transactions do not apply to transactions that are effected by an employee's discretionary portfolio manager or to transactions in units in collective investment undertakings that meet strict diversification criteria (e.g. UCITS), when executed outside the Company, through an External Broker.



## **N. Procedures and Controls**

### **Notification procedures for the employees of the Company**

As a part of Personal Account Dealing Policy the directors, Senior Management and employees of the Company shall disclose the following information:

- Opening and closing personal accounts at the Company or any other investment firm for own investment purposes;
- Special participation they may possess in the share capital of any company in which the Company is also a shareholder Financial Instruments held by the employee;
- Relevant information of the employee's affiliated persons;
- Transactions executed by the Company in which the employee may have an interest or a conflict.

### **Personal Account Dealing Policy Declarations**

Each new director and employee of the Company shall sign a declaration to the effect that he/she has received and understood the Personal Account Dealing Policy and undertakes to observe their requirements, as well as the requirements contained in any subsequent notice amending the current policy.

Once a year all directors and employees shall confirm in writing that they have reported all the personal account dealings they or any connected person have undertaken, or that they have not undertaken any personal account deals, in the preceding year.

### **Condition of Employment**

It is a condition of employment of all the Company's directors and employees that these Personal accounts dealing policy be followed at all times. Any personal account dealing undertaken contrary to the Policy shall be considered to be a serious disciplinary offence and a breach of the terms of the individual's employment.

### **Scope of the Personal Account Dealing Policy**

The Policy does not apply to:

- Personal Transactions in units in collective undertakings that comply with the conditions necessary to enjoy the rights conferred by the Open-Ended Undertakings for Collective Investment in Transferable Securities (UCITS) and Related Issues law or are subject to supervision under the law of a Member State which requires an equivalent level of risk spreading in their assets, where the relevant person and any other person for whose account the transactions are effected are not involved in the management of that undertaking, when Personal Transactions are executed outside the Company, through an External Broker.

### **Prior Authorization**

Personal account deals that fall within the scope of the Policy shall receive prior written authorisation from the Compliance Officer.

Requests to deal must be in writing, signed, and dated by the individual seeking authorisation to deal. The signature is made against a statement to the effect that in undertaking the deal the individual is not in breach of the insider dealing legislation and that the interests of Clients are not prejudiced by his/her dealing. Once the request form has been completed and signed it should be submitted to the Compliance Officer for his consideration.

In considering whether or not to give his authorisation to the proposed deal, the Compliance Officer shall consider whether it is, or is likely to be, in breach of the insider dealing legislation, and whether the interests of Clients are prejudiced by it being undertaken.

Approvals will be evidenced by the Compliance Officer's dated signature on the Personal Account dealing Request. Approvals last only for one (1) week following the date of approval. If the deal has not been undertaken within that time, the approval lapses and a fresh request must be made.

### **Notification of Personal Account Dealings**

Once a personal account deal has been undertaken it must be notified to the Compliance Officer within fourteen (14) days of the transaction date. The notification must contain the following details:

- Transaction date and time;
- Whether the transaction is a purchase or a sale;
- The security dealt in; and
- The value of the transaction.

Such a request for information can be met by the production of a copy of a broker's contract note.

### **O. Restricted and Watch Lists**

In order to monitor and restrict activities so as to comply with applicable laws and to avoid any appearance of impropriety, the Company adopts "Watch List" and "Restricted List" procedures.

#### **The Watch List**

The "Watch List" procedure permits the Compliance Officer to monitor the trading of securities of companies on the Watch List, including trading for the accounts of the Company, its Clients, and its employees, during the period before a company is placed on the Restricted List. Unlike the Restricted List, the Watch List does not restrict sales or trading activity. The contents of the Watch List are confidential and known only by the Compliance Officer.

Regardless of whether a company or security is placed on the Watch List, the Chinese-Walls procedures are strictly observed until either the "inside" information has been disclosed publicly by the Company and broadly disseminated, or the Compliance Officer has restricted trading by placing the Company or security on the Restricted List.

#### **The Restricted List**

Unlike the Watch List, the Restricted List restricts sales and trading activities with respect to the specified securities of any company placed thereon. The Restricted List is used when a

pending transaction or development (such as a public offering) and the Company's involvement is not (or no longer is) confidential.

The Company may have, or appear to have, "inside" information about the status of publicly announced but uncompleted transactions. Use of the Restricted List prevents any Client solicitation or trading that could constitute misuse of such "inside" information or would otherwise appear improper.

Once a company or security is added to the Restricted List, the misuse of "inside" information is prevented not by the Chinese-Walls, but rather by the restriction of sales and trading activity. All sales and trading personnel are therefore responsible for complying with the Restricted List prohibitions.

**Subject to limited exceptions and the prior approval by the Compliance Officer, when a company is on the Restricted List, the following prohibitions must be observed:**

- No solicitation of Client orders and any purchases or sales for discretionary Client accounts over which the Company's personnel have discretionary trading authority.
- No trading for any proprietary account of the Company.
- No trading for the personal account of any company's employee. Personal accounts include every account in which the employee has a beneficial interest (including accounts for members of the employee's household) or over which the employee has discretionary authority or a power of attorney.
- Another exception to the foregoing prohibitions is that unsolicited Client orders may be executed even though the issuer is on the Restricted List, so long as the Company acts solely as a broker or agent and does not establish or change any proprietary position in connection with the Client's transaction. The Compliance Officer will be consulted and will be able to advise on exceptions.

The Restricted List is distributed to all employees and to senior managers.

In general, any person having information suggesting that a company should be placed on the Restricted List should promptly advise the Compliance Officer, which will, if there is any question, determine the need for restriction. It will be the responsibility of the Compliance Officer to maintain written records of all additions to and deletions from the Restricted List, together with reasons thereto. All questions arising under any aspect of the Restricted List policy should be referred promptly to the Compliance Officer.

When the basis for the inclusion of a company on the Restricted List terminates, the person who initially notified the Compliance Officer of the need to add the Company to the Restricted List is responsible for immediately notifying the Compliance Officer of the need to remove the Company from the list.

## **P. Confirmations from Brokers**

The Company reserves the right to request that before any individual subject to the Policy deals on his/her personal account arrangements are put in place for the Company to receive contract notes direct from the brokers of the individual concerned. In such circumstances, the Compliance Officer writes to the individual's brokers requesting them to confirm in writing to the Compliance Officer that for any deal they undertake on behalf of the individual named in the letter they will send a contract note directly to the Compliance Officer as soon as one is produced.

**Q. Documentation**

Restricted List and Watch List are filed by the Compliance Officer. A file with all information regarding personal trading is maintained.