

HYCM Limited
Summary of Conflicts of Interest Policy
(version April 2019)

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1 INTRODUCTION

HYCM Limited (hereinafter “HYCM” or “the Company”) is authorized and regulated by the Cayman Islands Monetary Authority (“CIMA”) under reference number 1442313 for the purposes of conducting securities investment business under the Securities Investment Business Law (2015 Revision) (“SIBL”). HYCM is required, in accordance with its regulatory framework to provide information on the Company’s policy on conflicts of interest and its approach to managing any conflicts of interest. As such, CIMA has detailed requirements relating to the management of conflicts of interest.

Among other things, CIMA requires us to:

- take all reasonable steps to identify conflicts of interest between us and our client, or one client of ours and another;
- keep and regularly update a record of the kinds of service or activity we carry on (or which is carried on our behalf) in which a conflict of interest entailing a material risk of damage to the interests of one or more of our clients has arisen or may arise;
- maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients; and
- establish, implement and maintain an effective, written conflicts of interest policy. As with all laws and regulations applicable to our business, we take our regulatory requirements relating to conflicts of interest very seriously

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 under SIBL and associated regulatory rules and guidance, when providing investment services and other ancillary services related to such investment services

The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called “**Relevant Persons**”) and refers to all interactions with all Clients.

2 IDENTIFICATION OF CONFLICTS OF INTEREST

The affected parties if conflict of interest arises can be the Company, its employees or its clients. More specifically, a conflict of interest may arise, between the following parties:

- Between the client and the Company.
- Between two clients of the Company.
- Between the Company and its employees.
- Between a client of the Company and an employee/manager of the Company.
- Between Company’s Departments.

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:

1. The Company or a relevant person or a person directly or indirectly linked by control to the Company is likely to sustain an overall financial loss or avoid a financial loss, by executing a client's specific order.
2. The Company or a relevant person or a person directly or indirectly linked by control to the Company is likely to sustain an overall financial gain by not executing a client's specific order.
3. 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.
4. The market moves to a direction of a point/timing when by executing client's order will result in a financial loss for the Company.
5. The Company's hedging policy is affected negatively by the market movement and as a result client's orders are rejected in order to prevent a financial loss for the Company.
6. For specific departments the Company offers fixed and variable remuneration with the variable remuneration being connected to a client's trading account.
7. The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading.

It should be noted that the above circumstances which constitute or may give rise to a conflict of interest, are not necessarily detrimental to the interests of Clients.

3 PROCEDURES AND CONTROLS OF MANAGING CONFLICTS OF INTERESTS

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures (list is not exhaustive, but indicative of certain measures that may be implemented to resolve a conflict):

- Establishing Chinese Walls to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest.
- Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors.
- Segregation of duties that may give rise to conflicts of interest if carried on by the same employee.
- 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. All Relevant Persons are bound by the requirements of our Personal Transaction Policy. All transactions undertaken by the Relevant Persons are strictly prohibited.
- A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- Establishment of the "four-eyes" principle in supervising the Company's activities.
- The Company undertakes on-going monitoring of business activities to ensure that internal controls are appropriate;
- Procedures governing access to electronic data. The access to computer drives and to files located within drives is restricted by the use of passwords and user IDs. Computers are automatically locked if unattended for a short period. In addition, Relevant Personnel are reminded of the importance of data protection
- Advises/recommendations on transactions are strictly prohibited;

- Divisions and legal entities of the Group operate with appropriate independence from one another;
- There is controlled flow of information between different Group entities/outsourcing service providers where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;

4 DISCLOSURE OF CONFLICT OF INTEREST

If during the course of a business relationship with a Client or group of Clients, the organizational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or group of Clients. The disclosure will be made in reasonable time and in accordance with the Notice provisions of the Customer Agreement and shall include sufficient detail, taking into account the nature of the client, to enable an informed decision to be made with respect to the investment or ancillary service in the context of which the conflict of interest arises.

Clients will be given the opportunity to decide on whether or not to continue their relationship with us with no unreasonable obstacles.

5 CLIENT'S CONSENT

By entering into an Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him/her, to be read in conjunction with the Customer Agreement and Business Terms. Further, the Client consents to and authorises the Company to deal with the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any material interest in a Transaction, without prior reference to the Client.

In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the Client.

6 AMENDMENT OF THE POLICY

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate without notice to the Client.

Should you require any further information and/or have any questions about Company's conflicts of interest please direct your request and/or questions to info@hycm.com