

HYCM (Europe) Ltd
Summary of Conflicts of Interest Policy
(version November 2020)

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1 INTRODUCTION

HYCM (Europe) Ltd (hereinafter “HYCM” or “the Company”) is regulated by CySEC under licence #259/14. HYCM (Europe) Ltd (“the Company”) is required, in accordance with the European Union’s Markets in Financial Instruments Directive (MiFID) and in accordance with the Investment Services Activities and Regulated Market Law 2017 (“the Law”) in Cyprus to provide information on the Company’s policy on conflicts of interest and its approach to managing any conflicts of interest.

According to the Law, the Company must take all reasonable steps to identify conflicts of interest between itself, including its managers and employees, tied agents or other relevant persons, as well as any person directly or indirectly linked to them by control, and their clients or between one client and another, that arise in the course of providing any investment and ancillary services.

In this respect, the Company must establish adequate policies and procedures sufficient to ensure compliance, including its managers, employees, tied agents and other relevant person(s), with its obligations pursuant to the Law and the directives issued pursuant to this Law, as well as appropriate rules governing personal transactions by such persons.

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 PURPOSE AND SCOPE

The purpose of this Policy is to specify the procedures put in place by the Company, for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interests arising in relation to its business and to reduce the risk of 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 Procedures Manual.

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.

3 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 Company uses entities which are members of its group as Liquidity Provider/Execution Venue.
5. The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading.
6. A Third Party Provider may provide training sessions/webinars to Company's Clients.

Following company's acquisition from Henyep Capital Markets Group, and as per the current nature, scale and complexity of the Group, the following list (not exhaustive) 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 applicable. The Company may:

- effect transactions in which it or any other member of the Group has, directly or indirectly, a material interest, which may involve a potential conflict with Company's duty to its Clients;
- effect transactions in securities in respect of which the Company or another member of the Group may benefit from a commission or fee payable otherwise than by the Client, and/or the Company or another member of the Group may also be remunerated by the counterparty to any such transaction;
- execute client orders with entities belonging to the Company's Group where the revenues of those entities is largely generated from client's trading activity;
- have a direct or indirect interest in a transaction.

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.

4 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):

- Measures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest (i.e. by establishing a Chinese wall)
- 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 department whose interests may conflict with clients is the *Dealing Room*.

- Absence of any direct or indirect 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: *Dealing room employees do not relate their remuneration with clients' performance.*
- 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.
- 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.
- A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- 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;
- Establishment of Personal Transactions Policy;
- Procedures governing access to electronic data
- Advises/recommendations on transactions are 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;
- Supervisory arrangements provide for separate supervision of staff of the different Group entities where necessary for the fair management of Conflicts of Interest, as applicable;.

5 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 sufficient time and in a durable medium and shall include sufficient detail, taking into account the nature of the client, to enable him to take an informed decision 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.

6 CLIENT'S CONSENT

By entering into an Agreement with the Company for the provision of Investment Services, the Client consents to the application of this Policy on him/her. 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.

7 AMEMEDEMMENT 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