



## **SUMMARY OF CONFLICTS OF INTEREST POLICY**

### **1. Introduction**

This summarised Conflicts of Interest Policy ("the Policy") is provided to you (our Client or prospective Client) in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 L. 87(I)/2017 ("the Law"), which transposes the Directive 2014/65/EU on markets in financial Instruments ("MiFID II"). Pursuant to which Goldenburg Group Limited ("the Company") is required to take all reasonable steps to detect and avoid conflicts of interest.

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**

The purpose of this document is to set out the Company's approach in identifying and managing conflicts of interest which may arise during the course of its normal business activities. In addition, this document identifies circumstances which may give rise to a conflict of interest.

The Company has taken all sufficient steps to identify and prevent or manage conflicts of Interest which may arise between the Company, including its directors, managers, employees and any person directly or indirectly linked to the Company and its Clients or between one client and another that arise in the course of providing any investment and ancillary services, or combinations thereof, including the Company's own remuneration scheme and other incentive structures. Therefore, this Policy sets out the necessary procedures, controls and practices in place to ensure that any Conflicts of Interest are identified and prevented or adequately managed. If the steps taken by the Company to prevent or manage or mitigate conflicts of interest from negatively affect the interest of its clients are not sufficient, the Company shall clearly disclose to the client through durable medium (see section 10), the general nature and sources of conflicts of interest as well as the risks to the client and all the remedial actions taken to mitigate those conflict of interest.

### **3. Scope**

The Policy applies to the following persons (hereinafter the "Relevant Persons"):

- a) Directors
- b) Managers who directly or indirectly, may affect the interest of the Clients or potential Clients
- c) Employees who directly or indirectly, may affect the interest of the Clients or potential Clients
- d) Tied Agents and their employees who directly or indirectly may affect the interest of the Clients or potential Clients
- e) Persons or services outsourced who directly or indirectly may affect the interest of the Clients or potential Clients.

### **4. Identification of conflicts of interest**



When the Company deals with or on behalf of the Client, the Company, an associate or some other person connected with the Company, may have an interest, relationship or arrangement in relation to the transaction concerned or that conflicts with the Client's interest.

The Company hereby identifies and discloses a range of situations and circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more Clients.

For the purposes of identifying the types of conflicts of interest that may arise in the course and/or as result of providing investment services or ancillary services or investment activities or otherwise, whose existence may damage the interest of a Client, the Company takes into account, whether the Company or a relevant person, is in any of the following situations:

- (a) The Company or a relevant person 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 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 a relevant person 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 carries on the same business as the Client;
- (e) The Company or a relevant 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 monetary benefit, goods or services, other than the standard commission or fee for that service.

Taking into consideration the services the Company offers; potential sources of Conflicts of Interest may arise as a result of: 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) The Company may be advising and providing other services to associates or other Clients of the Company who may have interests in Financial Instruments or Underlying Assets, which are in conflict or in competition with the Client's interests;
- (b) The Company may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs;
- (c) The Company may receive commissions and/or other inducements from its Liquidity provider for the transmission of Client Orders;
- (d) 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) 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 may have relationships with many third party product providers/financial institutions who may remunerate the Company via inducements/commissions/fees and the Company may favour one over another in the recommendation process if higher inducements/commissions/fees are provided;
- (h) The Company may compensate providers of strategies which are copied by other clients, based on number of subscribers they have.
- (i) Produce or disseminate investment research may affect the best interest of the client.

#### **5. General Procedures and Controls for Preventing and 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):

- (a) The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- (b) The Company undertakes effective procedures to prevent or control the exchange of information between Related 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.
- (c) The separate supervision of Related Persons whose principal functions involve providing services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- (d) Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services.
- (e) Measures to prevent or control the simultaneous or sequential involvement of a Related Person in separate investment services where such involvement may impair the proper management of conflicts of interest.
- (f) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- (g) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- (h) Procedures governing access to electronic data.
- (i) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.



- (j) Personal account dealing requirements applicable to Related Persons in relation to their own investments.
- (k) Establishment of Compliance Department to monitor and report on the above to the Company's Board of Directors.
- (l) 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.
- (m) A "need-to-know" policy governing the dissemination of confidential or inside information within the Company.
- (n) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- (o) Establishment of the "four-eyes" principle in supervising the Company's activities.
- (p) The Company adopted measures and arrangements to manage the conflicts of interest that might arise from the production and dissemination of material that it is presented as investment research.

## **6. Specific Identification of Conflicts of Interest and Measures for their Management**

The Company is constantly conducting an in-depth analysis of its business and organisational arrangements including best execution arrangements, inducement practices, remuneration practices and investment research/marketing communication procedures, to ensure that all likely conflict of interest situations are identified regardless of materiality. The Company has identified the following circumstances which give rise to a conflict of interest entailing a risk of damage to the interests of one or more Clients, as a result of providing investment services:

**a) Employee Remuneration Policy:** The Company in accordance with its governing legislation does not remunerate its employees based on any factors that create conflicts of interest or are not in favor of the best interest of its Clients. The Company's employees are remunerated (fixed and variable) based on Key Performance indicators within their departments, which are approved by the Compliance Function and Board of Directors. In order for the Company to manage the potential conflicts arising out of this practice, it has put in place the below procedures and arrangements regarding the variable remuneration:

- (i) The variable Remuneration is not provided until a specific period of time has passed. Under this measure, the Company aims to lessen the risk of a short term speculative mindset especially in sales staff. The variable Remuneration practice is structured to align the long term interests of the staff and the direct and continuous best interest of the Clients.
- (ii) The Company awards variable Remuneration only when the relevant departments of the Company or/and the third-party service providers have conducted their



duties according to the regulatory requirements (act clear, fair and not misleading).

**b) Tied Agent Remuneration:** The Company remunerates its tied agents on the basis of fixed remuneration. At the sole discretion of the Company, the Company may grant a discretionary variable amount up to 100% of the total amount paid to the Tied Agent. Such discretionary variable amount is based upon the Tied Agent's exceptional performance towards the Company and its Clients (including to take all the necessary and due care of the Client and to act in the best interest of the Client and to provide them with fair, clear and not misleading information). For the avoidance of any doubt, nothing is interpreted as the obligation of the Company to provide the Tied Agent with any variable amount. Therefore, the Tied Agent shall not be entitled to any variable amount, unless the Company at its sole discretion decides otherwise. As such the remuneration itself should not give rise to conflicts of interest that may negatively affect the Client and incentivise tied agents towards aggressive marketing tactics or the provision of misleading information to achieve the variable amount.

**c)** The Company does not offer, solicit or accept any inducements other than those outlined as fees or commissions.

**d)** The Company does not allow its employees to accept any gifts or monetary benefits of any kind which may cause Conflict of Interest. Gifts of low value may be accepted, as long as the Company is informed and approves such gifts (this does not apply to monetary gifts like cash). The Company shall maintain a gifts and inducements log for low value gifts.

**e) Commissions received by its Liquidity Provider:**

The Company's Liquidity Provider pays the Company a rebate commission for the order flow sent for execution. In order for the Company to manage the potential conflicts arising out of this practice, it has put in place the below procedures and arrangements regarding the commissions received by its Liquidity Provider:

- (i) The Company has examined this and has recorded how the commissions received from its Liquidity Provider enhance the quality of the services provided to Clients and the steps taken in order not to impair the Company's duty to act honestly, fairly and professionally in accordance with the best interests of its Clients.
- (ii) The Company declares that this benefit does not induce it to favour the particular Liquidity Provider over other Liquidity Providers and it is confident that the Client would be better off under this arrangement compared to the use/employment of other arrangements (including other Liquidity Providers).

Measures in relation to the Company's **Structure/ Outsourced Service Providers/ Related parties:**



- a) The Company has in place non-disclosure and confidentiality agreements with all related parties, outsourced service providers or members of the group in relation to Client's personal information;
- b) The Company controls the information communicated between the Company's entities, related parties and outsourced service providers to ensure no harm to the Client's interests;
- c) The Company maintains a register of all the related party/outsourced provider payments made and assesses them in terms of Conflicts that may negatively affect Client's interests. Where relevant these conflicts are disclosed in this Policy along with the mitigating factors applied to ensure the removal of any incentives for malpractice;
- d) The Compliance Function has in place monitoring procedures for the services provided by related parties and outsourced service providers.

## **7. Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him. 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 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.

## **8. Record Keeping**

The Company shall maintain and regularly update the Conflict of Interest register. It shall log all the conflicts of interest that may arise as a result of the provision of investment and ancillary services by or on behalf of the Company and it may entail a risk of damage to the interests of one or more clients.

## **9. Reporting**

The Senior Management of the Company shall receive on a frequent basis, and at least annually, written reports on the situations referred to in paragraph 8 above.

## **10. Information provided to Clients**

The Company must adequately consider how to manage all conflicts of interest before resorting to disclosure. This will be a last resort after all appropriate steps have been taken.

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 in a durable medium;
- clearly state that the organisational and administrative arrangements established by the Company to prevent or manage the conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented;
- include a specific description of the conflicts of interest that arise in the provision of investment services and ancillary services;
- explain the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks;
- include sufficient detail, taking into account the nature of the client, to enable the Client to make an informed decision with respect to the services in the context of which the conflict of interest arises.

If a client decides not to go ahead with the service due to the conflict disclosed, the Company will have no choice but to decline the provision of services if the conflict cannot be effectively managed.

#### **11. Disclosure:**

This Policy does not form part of the Company's Business Terms and Conditions and it is not intended to be contractually binding or impose or seek to impose any obligations on the Company which it would not otherwise have, but for the Cyprus Investment Services and Activities and Regulated Markets Law 2017 (Law 87(I)/2017).

#### **12. Amendment of the Policy and Additional Information**

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Company and the Client.

#### **13. Questions on this Policy**

Should you require any further information and/or have any questions about conflicts of interest please direct your request and/or questions to [info@goldenburgroup.eu](mailto:info@goldenburgroup.eu).