

Conflicts of Interest Policy

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SM Capital Markets Ltd
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1. Introduction

This summarized 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"), pursuant to which SM Capital Markets Limited ("the Company") is required to take all appropriate 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. 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.

2. Scope

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

3. General 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 it conflicts with the Client's interest. The Company has identified the following circumstances which constitute or may 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) the Company may be matching the Client's orders with that of another Client by acting on such other Client's behalf as well as on the Client's behalf;
- b) the Company or a Related Person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client. The Company is the counterparty to its Clients positions (i.e. acts as Principal) and therefore stands to profit if the Client loses.
- c) the Company or a Related 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;
- d) the Company or a Related Person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client;
- e) the Company or a Related Person carries on the same business as the Client;
- f) the Company or Related 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 monies, goods or services, other than fixed payment or fee for that service;

- g) the Company and/or any Related person of the Company has a financial or other incentive in manufacturing and/or distributing a financial instrument to the Client, that adversely affect the Client.

4. 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. 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;
- b) 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;
- c) measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services;
- d) 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;
- e) a policy designed to limit the conflicts of interest arising from the giving and receiving of inducements;
- f) chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- g) Procedures governing access to electronic data;
- g) segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
- h) personal account dealing requirements applicable to Related Persons in relation to their own investments;
- i) establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors;
- j) 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;
- k) a "need-to-know" policy governing the dissemination of confidential or inside information within the Company;
- l) appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors;
- m) establishment of the "four-eyes" principle in supervising the Company's activities;

- n) a policy designed to ensure that Clients' orders are executed in terms favorable to them;

5. Information barriers

The Company respects the confidentiality of information it receives about its clients and operates a "Need to Know" approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client of the Company.

The Company has established and operates internal organizational arrangements to avoid conflicts of interest by controlling, managing or restricting as deemed appropriate the flow of confidential information between different areas of business or within a specific division or department. In particular, Chinese Walls are a key tool for conflict-of-interest prevention avoiding insider dealing and market manipulation risks. Chinese Walls can involve separation of premises, personnel, reporting lines, files and IT-systems and controlled procedures for the movement of personnel and information between the Company and any other part of the Company Group if applicable. The Company maintains permanent information barriers between different departments.

6. Final Resolution of Conflicts

Where Conflicts of Interest exist and the establishment internal procedures for minimizing any potential conflicts of interest are not adequate to manage the conflict to an acceptable level then the Head of Compliance Department will take the final decision for its resolution.

7. Inducements

The Company does not offer, solicit, or accept any inducements, other than the following:

- a) A fee, commission or non-monetary benefit provided to or by a client or a person on behalf of a client;
- b) A fee, commission or non-monetary benefit provided to or by a third party or a person acting on behalf of a third party, under the following conditions:
 - i. the fee, commission or benefit is disclosed to a client, prior to the provision of the relevant service; and
 - ii. it is designed to enhance the quality of the relevant service to a client and in line with Company's duty to act in the best interests of a client;
- c) Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies, or legal fees, and which

cannot give rise to conflicts with Company's duties to act honestly, fairly, and professionally in accordance with the best interests of its clients.

8. Remuneration

The Company has established, implemented, and maintains remuneration policies and practices that comply on the one hand with the requirements of section 24 of the Investment Services and Activities and Regulated Markets Law (87(I)/2017 of 2017), as in force ('the Law') in relation to conflicts of interests and on the other hand, with the conduct of business rules set out in section 25 of the Law. Moreover, the remuneration policies and practices of the Company is consistent with: (a) Circular C031 of CySEC concerning the guidelines on remuneration policies and practices and (b) the questions and answers 2 and 3 of Chapter 2 of ESMA/2016/904, 'Questions and Answers – Relating to the provision of CFDs and other speculative products to retail investors under MiFID' of 1st June 2016.

The Company when designing or reviewing its remuneration policies and practices it considers the conduct of business and conflicts of interest risks that may arise and takes reasonable measures to avoid or manage them appropriately and efficiently.

The Company's remuneration policies and practices, inter alia, have been designed in such a way so as not to create incentives that may lead persons to favor their own interests, or the Company's interests, to the potential detriment of clients.

Furthermore, the Company has established, implemented, and maintains adequate control mechanisms for compliance with remuneration policies and practices being implemented and maintained by the Company.

The same remuneration policies and practices adopted by the Company, are applied apart from the staff and to the service providers, Introducing Brokers and to third parties which perform outsourced critical operational functions, when they are acting on behalf of the Company.

9. Gifts

Company's employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Clients may result in a conflict of interest, something the Company is committed to avoiding.

10. Client's Consent

By entering into the Client Agreement with the Company, the Client is consenting to this Policy which forms part of the Client Agreement. Further, the Client consents to and authorizes 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. If the Company is unable to deal with a conflict-of-interest situation it shall revert to the Client.

11. Disclosure of Information

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 conflicts 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 organizational 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 conflicts 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.

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. Further information on Company's Conflicts of Interest Policy is available upon request from:

Company's offices at: Tel.: +357 25281811, or e-mail support@scopemarkets.eu

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