



MAGIC
COMPASS™

License No. CIF 299/16 NAVIGATE YOUR TRADING

CONFLICTS OF INTEREST POLICY

Version 3.0.0

30/09/17

CONFLICTS OF INTEREST POLICY

1. Introduction

- 1.1. Magic Compass Ltd (hereinafter, “the Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (hereinafter, “CySEC”) with Licence number 299/16.
- 1.2. In compliance with the Law Which Provides for the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other Related Matters of 2017 (Law 87(I)/2017), as subsequently amended from time to time (hereinafter the “Law”) as well as CySEC relevant directives and circulars as subsequently issued and amended from time to time (the “Regulations”), the Company has established a Conflicts of Interest Policy (the “Policy”) appropriate to the size and organisation of the Company and the nature, scale and complexity of the Company’s business.

2. Scope

- 2.1. With the implementation of the Conflicts of Interest Policy the Company aims 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, or combinations thereof.
- 2.2. With the implementation of the Conflicts of Interest Policy the Company aims to take all reasonable steps to detect and avoid conflicts of interest.
- 2.3. 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.
- 2.4. 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.
- 2.5. The policy applies to the Company, 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, or combinations thereof.

3. Identification of Potential Conflicts of Interest

3.1. For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a client, the Company takes into account, by way of minimum criteria, the question of whether the Company or a relevant person, or a person directly or indirectly linked by control to the CIF, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities:

- a. The Company or a relevant person is likely to make a financial gain, or avoid financial loss, at the expense of the Client;
- b. 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;
- c. The Company may be 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;
- d. The Company's portfolio managers may trade in Financial Instruments on behalf of the Clients knowing that the trades will be beneficial to the Company, its employees' or related persons' positions in the same Financial Instruments;
- e. 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;
- f. 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;
- g. The Company or a relevant person carries on the same business as the Client;
- h. 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 monies, goods or services, other than the standard commission or fee for that service.
- i. The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading;
- j. The Company's bonus scheme may award its employees based on the

trading volume etc of the Client's;

- k. The Company may provide portfolio management services to its Clients, while also recommending or selling products issued by the Company, or affiliated companies.

As per the Law, a relevant person means any of the following:

- a. A member of the board of directors, partner or equivalent, manager or tied agent of the Company;
- b. An employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities; and
- c. A natural person who is directly involved in the provision of services to the IF or to its tied agent under an outsourcing arrangement for the purpose of the provision by the IF of investment services or/and the performance of investment activities.

4. Procedures and Controls to Managing Conflicts of Interest

4.1. In general, the procedures followed and measures adopted by the Company in order to manage the identified conflict of interest include the following measures (list is not exhaustive):

- a. effective procedures to prevent or control the exchange of information between relevant 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. ongoing monitoring of business activities to ensure that internal controls are appropriate
- c. the 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 CIF;
- d. the removal of any direct link between the remuneration of relevant persons principally engaged in 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;

- e. 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 or activities and
- f. measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

4.2. The Company, has established the following suitable and appropriate internal procedures and controls for minimizing any potential conflicts of interest which include the following (the list is not exhaustive):

- a. Establishment of the “four-eyes” principle in supervising the Company’s activities.
- b. Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.
- c. Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- d. Procedures governing access to electronic data.
- e. Prohibition of external business interests conflicting with our interests as far as the Company’s officers and employees are concerned, unless Board of Directors approval is provided.
- f. Establishment of in-house Compliance Department to monitor and report on the above to the Company’s Board of Directors
- g. A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- h. A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
- i. In the case where the Company distributes marketing communication to its Clients, it ensures that the said communication is reviewed and approved by the Compliance Officer prior to distribution. The Compliance Officer also ensures that such communication meets the relevant definition of marketing communication as well as having the

appropriate disclosure statement.

- j. Appointment of Internal auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- k. Personal account dealing requirements applicable to relevant persons in relation to their own investments.
- l. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

5. Disclosure of Information

5.1. If at any given time and during the course of a business relationship between the Company and a Client or group of Clients, it appears to be the case that the organizational or administrative arrangements/measures in place are not sufficient to mitigate and/or avoid and/or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest (i.e. general nature and/or sources of conflicts of interest) before undertaking further business with the Client or group of Clients.

6. Amendment/Review of the Policy

6.1. The Company reserves the right to review and/or amend this Policy at any given time it deems suitable and appropriate without notice to the Client.

7. General Information

For further details with regards to the Company's Conflicts of Interest Policy and procedures, you may contact the Company's Support Department at compliance@magiccompass.com