

January 2021

Exness (Cy) Ltd

CIF Licence no. 178/12

(Regulated by the Cyprus Securities & Exchange Commission)

Conflict of Interest POLICY

January 2021

1. Introduction

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing a service and carrying out regulated activities, as their existence may lead to material risk of damage to a client's interests. This document sets out Exness (Cy) Limited ("Exness")'s policy for the management of such conflicts of interest.

Pursuant to the Law, Exness is required to take all appropriate steps to identify and prevent or manage conflicts of interest. Exness is committed to acting honestly, fairly, professionally, and in the best interests of its Clients, and to comply, in particular, with the principles set out in the above Law when providing investment services and other ancillary services related to such investment services.

Definition: An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of:

1. Exness, (including its managers, employees and appointed representatives or any person directly or indirectly linked to them by control), and a client of the firm; or
2. one client of the firm and another client;

that arise or may arise in the course of the firm providing any service, including those caused by the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures.

Our ultimate objective is to prioritise our clients' best interests.

2. Scope

The purpose of this Policy is to set out the Exness's approach in identifying the conflicts of interest which may arise during the course of its business activities as well as the procedures, controls, and actions taken to ensure that any conflict of interest identified is prevented and/or adequately managed.

Exness has taken all appropriate steps to identify and to prevent or manage conflicts of interest between Exness (including its managers, directors, employees, and tied agents, or any person directly or indirectly linked to Exness by control) 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 those caused by the receipt of inducements from third parties or by Exness's own remuneration and other incentive structures.

The Policy applies to all its directors, employees, any persons directly or indirectly linked to Exness by control (hereinafter called "Relevant Persons") and refers to all interactions with all classes of Clients.

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest you should contact the Compliance Officer.

3. Identification of Conflicts of Interest

Exness 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 the Exness's business, organizational arrangements, remuneration practices, best execution arrangements, and marketing communication procedures:

- a. Exness or a Relevant Person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- b. Exness 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. Exness or a Relevant Person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client;
- d. Exness or a Relevant Person carries on the same business as the Client;
- e. Exness 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;
- f. Any market information, training and discussions as regards possible market trends should not be construed as trading/investment advice or investment research. It is the Client's responsibility to perform their own market research before entering into any position.

4. Procedures and Controls for Managing Conflicts of Interests

The procedures and measures that Exness has adopted for the purposes of preventing or managing conflicts of interest include the following:

- 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. 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 firm;
- c. 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;
- d. 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;
- e. 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;
- f. Segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
- g. A "need-to-know" policy governing the dissemination of confidential or inside information within Exness;
- h. Procedures governing access to electronic data;

- i. Prohibition on officers and employees of Exness having external business interests conflicting with the interests of the Exness without the prior approval of Exness's board of directors;
- j. Chinese walls restricting the flow of confidential and inside information within Exness, and physical separation of departments;
- k. Personal Account dealing: Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to Exness's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or client confidential information in their personal dealings and must ensure that clients are never disadvantaged as a result of their dealings.

Exness's Personal Account Dealing Policy has been established to ensure that personal account dealing by members of staff comply with this policy.

- l. Procedures designed to limit the conflict of interest arising from the giving and receiving of inducements unless designed to enhance the quality of service provided to clients. More information can be found in the Inducements Policy;
- m. Separate supervision of Relevant 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 Exness.
- n. Execution arrangements for obtaining the best possible result, "best execution" when executing client orders;
- o. Establishment of in-house Compliance Department for performing ongoing monitoring to ensure that appropriate systems and controls for preventing and managing conflict of interests are maintained and are appropriately followed, and which reports to the Exness's Board of Directors;
- p. Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained, and who reports to Exness's Board of Directors;
- q. Establishment of the "four-eyes" principle in supervising Exness's activities.
- r. Exness has intra-group arrangements in place designed to ensure that relevant persons engaged in different business activities, carry out those activities at a level of independence appropriate to its department and business. Any inherent commercial risk of acting in the commercial interests of the firm and/or other entities in the group that it is a part of, is mitigated as the Exness's corporate culture embeds acting honestly, fairly and professionally in accordance with the best interests of its clients.
- s. A conflict may arise to maintain a steady stream of new clients as the life span of a retail client account in relation to speculative products is relatively short, however, we mitigate this conflict by adopting remuneration policies and practices that do not remunerate staff based on volume or value of the client transactions. To be clarified that presently the Company does not on-board retail clients, only Eligible Counterparties and Per Se Professional clients.
- t. Inducements including gifts and entertainment: Exness maintains business relationships with third parties who may remunerate Exness in the form of management and performance fees, which can constitute

monetary or non-monetary benefits, thereby impairing Exness's fiduciary duties to the client. More information can be also found in the Inducements Policy.

Gifts and entertainment could lead to potential conflicts of interest. No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances.

These include the requirement for gifts or entertainment received or given, to be notified to the Compliance Officer and, where the amount is above EUR 100, written approval must be obtained from the Compliance Officer. These policies are set out in the Compliance Manual. All employees must act with the highest standards of integrity to avoid any allegations of conflicts of interest.

A record is kept by the Compliance Officer of any gifts or entertainment received or given. Where an invitation to an entertainment event could be construed as being a business inducement, it must be declined, and the Compliance Officer informed.

- u. Outside employment and business activities: No employee may engage in any additional occupation without the consent of Exness. In certain circumstances, consent may be withheld.

Employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Executive Director and the Compliance Officer.

- v. Payment of inducements for the referral of new Clients or Clients' trading: Exness does not offer any Partnership Program for the referral of Clients.

- w. Segregation of Duties: There are several distinct tasks within the discretionary investment management business that could lead to potential conflicts of interest that are mitigated by them being segregated from the individuals directly involved in the task.

- x. Information Barriers: Exness maintains appropriate policies (Data Protection Policy, Information Security Policy, IOM etc.) detailing Insider Lists and Information Barriers, often known as Chinese Walls, so as to limit or withhold the use of information that is price-sensitive, confidential, and could give rise to market abuse, restrictions on dealing, conflicts of interest, or any other improper or unethical activities.

The Compliance Officer monitors along with the relevant business line managers the effectiveness of these Information Barriers. In some circumstances staff may be taken "across the wall." Where this happens the Compliance Officer must be notified, and a record made thereof, along with updating of the relevant policies.

- y. Remuneration and Oversight: The management oversight and determination of appropriate remuneration of members of staff is conducted by Exness's Senior Management.

- z. Related parties/outsourced service providers/group entities: Exness shall follow the below procedures and controls for the related parties/outsourced providers and/or group entities:

1. Exness shall have in place non-disclosure and confidentiality agreements with all related parties, outsourced providers or members of the group in relation to Client's personal information. The Company shall control the information communicated between the related parties, group entities and outsourced service providers to ensure no harm to the Client's interest.
2. Exness shall monitor the transactions (if any) of the related parties and/or group entities and assess them in terms of conflicts. Exness shall ensure that the execution of orders of the related parties and/or group entities follows the same Best Execution conditions as for non-related parties. Exness shall always achieve consistent execution of orders for all Clients. The Compliance Officer with the

assistance of the Head of Dealing on Own Account Department who monitors the orders through the MT Platform shall ensure that the afore-mentioned are always implemented.

3. In addition, through the monitoring of transactions, Exness shall ensure that is unlikely to make a financial gain or avoid a financial loss at the expense of a related party and/or a group entity, or have an interest, relationship or arrangement that is material in relation to a concerned transaction. If for any reason, Exness is not able to manage any possible conflicts of interests with related parties and/or group entities, it shall disclose the conflict of interest to the related party and/or group entity before undertaking execution of orders.
4. Deposits/withdrawals/trading conditions/fees for related parties and/or group entities shall take place as per the Agreement signed between Exness and the related party and/or the group entity. Exness shall ensure that the related parties are never disadvantaged as a result of Company's dealings. Agreements with related parties and/or group entities shall be under the standard terms and conditions which also apply to other Clients.
5. The Senior Management shall ensure that no-one of the members of the management and the persons participating to the execution of transactions with a related party take advantage of a related party relationship. The Compliance Officer shall always confirm that the employees are aware of the procedures that Exness follows for the related parties and/or group entities by organizing training, meetings with employees for discussing possible conflicts of interests with related parties etc.
6. In case of conflicts of interests with related parties and/or group entities, these shall be disclosed to the Senior Management in written form by the Compliance Officer along with the mitigating factors to be applied to ensure the removal of any incentives for malpractice. The said written reports shall be filed accordingly at all times.
7. The Compliance Officer shall include in the Annual Compliance Officer Report all the incidents occurred during the reporting year that caused conflicts of interests (if any) including incidents with any related parties and/or group entities and analyze the mitigation actions.

Declining to Act: Finally, where Exness considers it is not able to manage the conflict of interest in any other way, it may decline to act for a customer.

5. Disclosure

Exness must treat disclosure of conflicts as a measure of last resort to be used only where the effective organisational and administrative arrangements established by the firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

If a risk of conflict remains after taking all necessary steps, the Firm must disclose the conflict to the client. The disclosure shall include:

- (a) the general nature or sources of conflicts of interest, or both; and
- (b) the steps taken to mitigate those risks.

The disclosure must

- (a) be made in a durable medium;
- (b) clearly state that the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- (c) include specific description of the conflicts of interest that arise in the provision of investment services or ancillary services;
- (d) explain the risks to the client that arise as a result of the conflicts of interest; and

- (e) include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Exness will ensure that this disclosure is made in a timely, prominent, specific and meaningful manner to the client and should occur before or when the financial service is provided, but in any case, at a time that allows the client a reasonable time to assess its effect; and

in order to be effective, conflicts of interest disclosure will refer to the specific service to which it relates. The use of generic disclosures will not be consistent with the Firm's conflict management obligations. In assessing the disclosure that should be provided to a client, the following factors should be considered:

- (a) the level of financial sophistication of the client;
- (b) the extent to which third persons are likely to rely, directly or indirectly, on the service;
- (c) how much the client already actually knows about the specific conflict; and (d) the complexity of the service.

6. Annual Review of the Conflict of Interests Policy

Exness shall assess and periodically review, at least annually, its Conflicts of Interest Policy.

The review should be designed to take all appropriate measures necessary to address any and all deficiencies.

Additionally, the review should consider whether there is an over-reliance on disclosures of conflicts of interest to clients as a conflict management tool, and therefore a deficiency in the Firm's Conflict of Interest Policy.

7. Policy Development (Approval and implementation process)

The Executive Director of Exness is responsible for ensuring that its systems, controls and procedures are able to identify, manage and control any potential and actual conflicts of interest that may arise.

Taking into account Exness's size, scope of business and the client base, the Executive Director is confident that it effectively implements its Conflicts of Interest Policy and that the potential conflicts inherent in the business are properly managed in the manner set out in this document.

8. Training

Exness will aim to provide internal guidance and training to all staff to raise their awareness of the current regulatory framework, including how to deal with conflicts of interests when they arise.

9. Record Keeping

Exness shall keep and regularly update the Conflict of Interests Policy. The Policy shall be created and maintained by the Compliance Officer and shall include all records relating to any concerns raised by members of staff, tracking their receipt, investigation and resolution and the response to the person outlining their concerns. It shall also include a record of the kind of services or activities carried out by or on behalf of Exness in which a conflict of interest may occur.

On a regular basis, the Compliance Officer shall review and update the conflict of interests Policy to ensure that all conflicts of interest are identified and remain relevant, and where relevant adequate arrangements are successfully implemented to continue to prevent or manage the conflicts.

The Policy shall also be updated whenever a new conflict of interest arises. Where conflicts are currently being disclosed to clients, the necessity for the disclosure will be reviewed.

In addition, the Compliance Officer keeps the records of any reports provided to Exness senior management about conflicts of interest matters and any conflicts of interest disclosures provided to clients or the public as a whole.

In addition, the Firm should also keep records of the below to ensure that adherence to this policy is demonstrated.

- The conflicts policy with any functional variations if applicable;
- Procedures and processes;
- Training material and training records;
- Any review work carried out (including any decisions made on conflicts management); and
- Any other documentation used to demonstrate the management of conflicts of interest

10. Reporting

Conflicts of Interest situations or potential conflict situations should be reported to the Compliance Officer immediately.