



## **CONFLICT OF INTEREST POLICY**

**TeleTrade - DJ International Consulting Ltd**

**June 2018**

## 1. Introduction

1.1. Under the Law 144(I) of 2007 and the Law 87(I)/2017, 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.

1.2. The Company provides herein a summary of the policy we maintain in order to manage conflicts of interest in respect to the duties we owe to our Clients.

## 2. Scope

2.1. The Policy applies to all of its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called “related persons”) and refers to all interactions with all Customers. The purpose of this policy is to implement the procedure for identifying, managing, controlling and if necessary, disclosing the conflict of interest arising in relation to its business and to reduce the risk of client disadvantage, legal liability, regulatory censure or damage to the Company’s commercial interests and reputation. The Company ensures that at all times the interest of a Client is put before the interest of the Company and/or its employees.

## 3. Identification of 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 Customer, the Company takes into account, whether the Company or a relevant person, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

(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 Customer 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 Customer or group of Clients over the interests of the Client;

(d) The Company or a relevant person participates in the same business as the Client;

(e) The Company or a relevant person receives or will receive from a person other than the Customer 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.

3.2. The Company will keep and regularly update a record of the kinds of investment or ancillary service or investment activity carried out by, or on behalf of, the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or an activity that may arise.

3.3. In identifying 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, it is important to note for the purposes of

this Policy that the Company and/or its affiliates and/or its Directors and/or its employees do not engage in the activities of investment advice, proprietary trading, portfolio management and corporate finance business; including underwriting or selling in an offering of securities and advising on mergers and acquisitions, unless otherwise stated in a separate agreement.

The conflict of interest may arise between the following parties:

- a) Between the client and the Company
- b) Between two clients of the Company
- c) Between the Company and its employees
- d) Between a client of the Company and an employee or manager of the Company
- e) Between the Company's Departments

3.4. Where conflicts are identified, the responsible officer will determine how the conflict will be prevented or managed. If procedures are deemed by the Responsible officer to not be sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, the Company will disclose the general nature and/or sources of conflict of interest to the client before undertaking business for the client.

## 4. Procedures and Controls to Managing Conflicts of Interests

4.1. In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures:

- (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 Company;
- (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) A 'need to know' policy governing the dissemination of confidential or inside information within the Company;
- (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;
- (h) Segregation of duties that may give rise to conflicts of interest if carried out by the same individual;
- (i) Personal account dealing requirements applicable to relevant persons in relation to their own investments;
- (j) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements;
- (k) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors;

(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-eye principle in supervising the Company's activities;

(n) The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

## 5. Personal Conflicts

5.1. The possibility that an employee's actions or decisions may be affected due to an actual or potential divergence between or among the interests of the Company, the Company's clients and/or the employee's own personal interests is a common factor to many conflicts of interest situations. The Company tries to set out examples of areas in which an employee may encounter a conflict of interest and details of the Company's policies in relation to each.

a) **External Business Interests:** Employees should avoid other employment or business activities, including personal investment that interfere with their duties to the Company, divide their loyalty or create or appear to create a conflict of interest. Each employee should promptly report any situation or transaction involving an actual or potential conflict of interest to the Compliance Officer who, in turn, shall report to the Board of Directors. Following determination whether a conflict exists or is harmful, the employee should terminate all such external business interests unless approval to continue by the Compliance Officer is provided.

b) **Interests in competitors, members or suppliers:** Except with the prior written approval of the Compliance Officer, no employee or member of his/her immediate family shall serve as an employee, officer, director or trustee of, or have any substantial interest in or business relationship with, a competitor, member, or supplier of the Company that could create a divided loyalty, or the appearance of one. Immediate family members means (a) any spouse, children, parents or siblings or (b) any relative to whose support the employee contributes either directly or indirectly and who shares the employee's household.

c) **Receipt of Gifts and/or Inducements:** No employee or member of his/her immediate family shall solicit or accept from anyone that does business or competes with the Company any compensation, gift of cash (or equivalent), significant gift, loan, lavish entertainment (including, but not limited to, meals, sports events, and concert and theatre events), inducement including a fee commission or any other substantial non-monetary benefit. Upon receipt of a gift or inducement from a third party, all employees must report this immediately to the Responsible officer who shall keep a log registering such gifts and/or inducements. Any gifts that are received must be promptly delivered to the Responsible officer. The Responsible officer will, in his or her discretion, determine whether a gift can or should be kept by the employee or returned to the donor.

d) **Interests in Transactions:** No employee or a member of his or her immediate family shall engage in any transaction involving the Company if the employee or member of his immediate family has a substantial interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee's normal compensation), except as specifically authorised in writing by the Compliance Officer. No employee shall acquire or derive personal gain or profit from any business opportunity or investment that comes to his or her attention as a result of his or her association with the Company and in which he or she knows the Company might reasonably be expected to participate or have an interest, without first disclosing in writing all relevant facts to the Company, offering the opportunity to the Company and receiving specific written authorisation from the Compliance Officer. All directors and employees are required to notify the Compliance Officer of any outside business interests.

## 6. Trading Conduct

6.1. Traders employed by the Company in the capacities involving the provision of Dealing on Own Account or Portfolio must observe high ethical and professional standards and comply with all applicable laws and regulations. Failure of traders to follow the firm's written policies may result in disciplinary action.

6.2. **Registration and Licensing:** All traders must be properly licensed and registered in the Public Register of the competent regulatory authority, the CySEC. All trading employees must be appropriately qualified. The trader's direct supervisor must assure that the appropriate registrations are in place prior to allowing an employee to trade.

6.2. **Trading Limits:** Traders may not exceed trading limits without the oral pre-approval of their direct supervisor who will keep a written record of such approvals.

6.3. **Confirmation Disclosures:** Confirmation of trades must disclose the trading capacity (agency or principal).

6.4. **Insider Information/ Insider Trading:** Traders may come into contact with material non-public information through their peers at other brokers/ dealers or through other means or sources. Traders must be familiar with the regulations concerning:

- Passing on material non-public information, whether or not for gain, to other trading professionals or members of the public.
- Trading on material non-public information or encouraging others to do so.

6.5. **Confidentiality of transactions:** Transactions of the firm and its clients, and the identities of those clients, are confidential and may not be shared with any outsiders, including other traders, and may be shared inside the Company only on a need-to-know basis, or as allowed by the applicable laws and regulations.

6.6. **Front-running:** Front-running is the purchase or sale of a security in advance of an order in the same or a related security in anticipation of a benefit. Knowledge of such orders could be considered possession of material non-public information. Thus front-running not only violates regulatory restrictions, but also has the potential to violate laws relating to insider trading. Traders are not allowed to trade in proprietary, personal, relative or client accounts when such trading offers the potential for such accounts to benefit from knowledge of an order in advance. The trader's direct supervisor will review all personal accounts of traders for front-running.

6.7. **Improper collaboration of trading activities:** Traders are prohibited from working with other traders in the same securities in any manipulative fashion. Traders are prohibited from intimidating, harassing, coercing or otherwise inducing other traders to conform, align or otherwise manipulate markets. Use of threats, profanity or abusive language in the conduct of business is prohibited. Any reports of possible non-compliance with this policy will be investigated aggressively.

6.8. **Trading in employee personal accounts:** Traders and other relevant staff of the Company (as detailed further) may not trade for their own personal accounts (or in any account in which the trader may have a beneficial interest) ahead of clients of the Company. Traders must always give priority to client orders. Employees are prohibited from entering into personal transactions, or counseling or procuring others to do so, where it involves the misuse of inside or client confidential information or if it conflicts, or is likely to conflict, with an obligation of the Company to a customer. This restriction extends to disclosing information, except as required in the normal course of business, where employees know, or reasonably ought to know, that as a result of the disclosure the person to whom the disclosure has been made, will enter into a transaction within the scope of this policy, or counsel or procure another person to do so. The Company is required to ensure that employees covered under the scope of this policy are made aware of

the restrictions on personal transactions and the measures that the Company has established in connection with personal transactions and disclosure.

In particular, the arrangements under this policy are designed to ensure that the Company is informed promptly of any personal transactions entered into by an employee and that a record is kept of the personal transaction notified to the Company, including any authorisation or prohibition in connection with the transaction.

**6.9. Employee Permission to Deal:** An Employee that is restricted by Conflict of Interest Policy or Personal Transactions Policy of the Client, including their immediate family members, must request, in writing, or by email, to the Compliance Officer and their direct supervisor, permission to affect a personal transaction. An Employee, including their immediate family members may not affect a personal transaction until express permission from the Compliance Officer has been confirmed in writing. Should the Compliance Officer's permission be granted, then that permission is valid until the end of seven calendar days from when it was requested unless subsequently notified. The Employee should ensure that after a transaction has been executed in accordance with the permission granted, a copy confirmation is sent to the Compliance Officer. Should the Compliance Officer not grant permission to effect a personal transaction, the Employee or their immediate family may not effect that personal transaction. The Compliance Officer will not provide a reason as to why permission has been refused and the Employee may not disclose to any other person that such permission has been refused.

**6.10. Counseling and Procuring:** If an Employee or trader is precluded from effecting a personal transaction, they cannot:

- Advise or cause any other person to enter into such a transaction
- Communicate any information or opinion to any other person

**6.11. Personal Transactions and Conflicts of Interest:** Employees may not undertake a personal transaction in order to prevent potential conflicts of interest between the Company & its members and the Clients, in the following cases:

a) Relevant employees who are involved in the provision of Investment Advice, whereby resulting actions by the Client may influence the price of certain financial instruments (e.g. in regulated markets and/or MTFs with limited market depth), are not allowed to transact in such instruments or any of its derivatives, and are not allowed to solicit or induce transactions in such instruments by any of their related persons, particularly with respect to transactions that related persons are about to effect before or after the provision of the said investment advice;

b) Relevant employees who are involved in the provision of Reception and Transmission or Execution of client orders and therefore have priority access to the client transaction information, are not allowed to transact in any instruments involved in client transaction, and therefore are not allowed to operate trading accounts with the Company.

c) Relevant employees who are involved in the provision of Reception and Transmission or Execution of client orders in financial instruments in regulated markets and/or MTFs with limited market depth, are not allowed to operate trading accounts with access to those markets and/or MTFs neither with the Company, nor outside the Company.

d) Relevant employees who are involved in technical support of the trading activities and thus have enhanced ("administrator") accesses to the Company's trading platforms, are not allowed to operate trading accounts with the Company.

e) Relevant employees who are involved in back office activities, such as, setting limits for trading on client accounts, or recording deposits and withdrawals from clients' accounts, or otherwise having accesses enabling them to amend client balances in cash and/or financial instruments, are not allowed to operate trading accounts with the Company.

f) Relevant employees who effectively direct the business of the companies are not allowed to operate trading accounts with the Company in any financial instruments where the Company acts as a principal in its dealings with the client account holders.

g) Relevant employees who are involved in the provision of Portfolio Management and Investment Advice are not allowed to operate personal trading accounts in any financial instruments that are bought or sold by such persons on client accounts during the course of Portfolio Management services, or recommended to the clients in the course of Investment Advice, whenever such instruments are traded in regulated markets and/or MTFs with limited market depth.

**6.12. Minimum Holding Periods:** Effecting personal transactions should not be considered as a short-term speculative activity and, therefore, unless there is a case of economic hardship, members of staff and connected persons are expected to hold investments for a minimum duration of 30 days, except for investments outside the scope of this policy.

## **7. Reporting Conflict of Interest**

In case of a suspicion of any conflict of interest it must be immediately reported to the supervisor in order to assess any potential material risk of damage.

A Conflict of Interest Notification Form must be sent to the Compliance Officer. A Compliance Officer will investigate if any conflict of interest exists and will state the reasons of the findings and include them in a file stored for referral to the Cyprus Securities and Exchange Commission.

## **8. Reporting a Conflict of Interest**

By entering into the Client Agreement for the provision of Investment Services, the client is consenting to an application of this Policy to him/her. Furthermore, 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.

## **9. Disclosure**

When the Company becomes aware of a situation where a conflict of interest arises during the course of the business relationship with a Client or group of Clients, the Company will disclose it to a client before undertaking an investment business. However, if the Company believes that the disclosure is not sufficient enough to manage the conflict, the Company may not proceed with the transaction.

## **10. Amendments of the Policy**

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

## **11. Additional Information**

If you have any queries about this conflict of interest policy, or you wish to help us improve this Policy, please contact us at: [support@teletrade.eu](mailto:support@teletrade.eu)