Conflicts of Interest Policy

Pepperstone EU Limited

Company: Pepperstone EU Limited
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1. Introduction

This Policy summarises the general principles on which Pepperstone EU Limited ("the Company", "we", "us" or "our") identify and manage conflicts of interest which arise or may arise in the course of providing a service. A conflict of interest may arise where a company or an employee who, owing a duty to a client, may have personal or professional interests which compete with this duty and may entail a risk of material damage to client's interests. A situation may be a conflict of interest even if no improper act or disadvantage to the client arises from it.

The Company is committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise between the Company's clients and between the Company's clients and the Company.

The purpose of this Policy is to identify and summarise those conflicts which the Company may experience as an organisation and how it can address the challenges that such conflicts create. It also provides the Company's clients with appropriate information relating to the policies the Company has in place to identify and manage conflicts of interest. This policy should ensure that procedures are in place to identify, monitor and handle all potential and actual conflicts so that these are not to the detriment of the client.

2. Regulatory Framework

This Policy is issued pursuant to and in compliance with:

A. The Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the "Law").
B. EU Directive 2014/65/EU of 15 May 2014 on Markets in Financial Instruments (" MIFID II").
C. EU Delegated regulation EU 2017/565 supplementing MiFID II Directive regarding organizational requirements and operating conditions for investment firms.
D. Any CySEC related Directives or Circulars or ESMA guidelines related to conflicts of interest issued from time to time.

As per Article 23 of MiFID II Directive, investment firms must take all appropriate steps to identify and prevent conflicts of interest in relation to receipt of inducements from third parties or by the firm's own remuneration and other incentive structures. Further, MiFID II bans independent advisers and portfolio managers from receiving any (non-minor) monetary or non-monetary benefits from third parties when dealing with retail and professional clients.

Conflicts of interest are defined in the context of MiFID II rules as any conflicts which arise between:

- the firm including its managers, employees and representatives and a client; or
- a client and another client

when the firm is carrying out activities which are regulated by the Cyprus Securities and Exchange Commission ("CySEC") or ancillary services.

3. Identification of conflicts of interest

For the purposes of identifying the types of conflict of interest that may arise in the course of providing investment and ancillary services and whose existence may damage the interests of a client, the firm takes into account any of the following situations:

- The Company or a relevant person stands to make a financial gain, or avoid a loss, at the expense of the client.
- The Company or a relevant person has an interest in the outcome of a service provided to the client, or a transaction carried out on their behalf, which is materially different from the interest of that client.
- The Company or a relevant person has a financial or other incentive to favour the interests of another client or group of clients over that client.
- The Company or a relevant person carries on the same business as the client; or
- The Company or a relevant person receives or will receive from a person other than the client an inducement, whatever the form, relating to the service provided to the client (other than standard fees or commission for that service).

4. Management and Control of Conflict of Interests

The firm is required to maintain and operate effective, organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk or damage to the interests of our clients. The firm has implemented various systems and procedures to minimise the potential causes of conflicts of interest, wherever possible avoid material conflicts of interest, and to manage all conflicts of interest arising, including:

- ‘Chinese Walls’ - providing effective procedures to prevent or control the exchange of information between the relevant persons where the exchange of such information may harm the interests of one or more clients.
- trade order management- effective processes ensuring client orders and activities are confidential to the firm’s parent (which is also the main Liquidity Provider) prior to execution and avoiding any potential conflict of interest.
- a clear separation between the firm and its parent entity and main liquidity provider.
- 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.
- 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 may arise in relation to those activities.
- 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 and/or activities.
- monitoring of ongoing service provision-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.
- segregation of duties that could give rise to conflicts if carried out by the same individual – for example, processing company payments. Employment duties are designed to limit the potential for conflicts of interest and all staff are issued with job descriptions to help prevent or limit a staff member from exercising inappropriate influence over the way any other staff member or group of staff carries out services or activities. All staff are regularly assessed for competency in their roles and are required to follow the internal procedures detailed in the firm’s Compliance Policies.
- a ‘need to know’ policy governing the dissemination of confidential or inside information within the firm.
- the prohibition of external business interests conflicting with the firm’s interest as far as the firm’s officers and staff are concerned, unless Board approval is provided.
- monitoring and reporting on all of compliance procedures above to the firm’s Board, including the establishment of a “four-eyes principle” in relation to the supervision of the firm’s activities.

The Company shall address the following risks that could potentially lead to material conflicts of interest as per the table below:

Material conflicts and mitigation measures

Material Conflict	Nature of conflict and mitigation measures
Personal Account Dealing	The risk that staff who have privileged information concerning investments may trade on information which is unknown to the client for personal gain. The firm has a restricted investor list to counter this and a policy under which staff members are only able to invest after the investment has been made available to the general public. In addition, all personal investments must be approved by the Compliance Officer or immediate deputy prior to their taking place. (please check the related **Personal Account Dealing policy,** setting out personal account dealing requirements and disclosures requirements)
Gifts	The risk that any gifts or hospitality provided by a third party may materially influence a recommendation provided to the client. (please check the related **Gift and Entertainment Policy** managing the registration of the solicitation, offer or receipt of certain benefits and to limit the giving or receiving of inducements)
Inducements	The risk of material inducements being given or offered which may conflict with a duty of care owing to a client. (please check the related **Inducement Policy**)
Remuneration practices	The risk that remuneration policy may encourage staff to take account of their own earnings from a potential transaction rather than the best interests of the client. All staff are aware of their obligations to act in the client's best regardless of personal benefit. (please check the related **Remuneration Policy**)

Further to the above, to prevent conflicts of interest, the firm has the following policies and procedures in place:

- Privacy Policy governing access to personal information.
- Chinese walls restricting the flow of confidential & inside information within the firm and departments.

- Market Abuse Policy

5. Record Keeping

The firm maintains a record of all activities where a conflict of interest has arisen or may arise (the “Conflicts of Interest Register”).

6. Training and Review

All staff will be given training on conflicts of interest identification and how to report any new or potential conflicts.

7. Disclosure or withdrawing a service

Despite the arrangements the firm has put in place to manage conflicts of interests, it may not be possible to prevent some conflicts of interest from arising which could materially act to the detriment of a client. In that case, the firm will endeavor to manage that conflict of interest by:

Disclosure to the client

Clearly disclosing the general nature and source of the conflict of interest to the client before undertaking business for the client. The disclosure will be made in writing and include sufficient detail to enable the client to take an informed decision about the service in the context of which the conflict of interest has arisen.

Or

Declining to provide the service

If the firm does not believe that disclosure is appropriate to manage the conflict of interest, the Company may have no choice but to decline to provide the service requested.

8. Policy Review

The Firm reviews this Policy on an annual basis and should any amendments be made which may materially affect the way in which the firm would handle a conflict of interest on behalf of a client, the client shall be notified in writing of the nature of the changes. The client will also be provided, on request, with an up-to-date copy of the conflicts of interest policy statement.

The responsibilities contained within this document will be reviewed on an annual basis by the Compliance Officer and any changes will be made if appropriate.

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