



PRIOR CAPITAL

CONFLICT OF INTERESTS POLICY

This is not a marketing material, but an informative policy to provide its potential Clients with measures taking to identify and to avoid any “Conflict of Interests” in compliance with Markets in Financial Instruments Directive II (MiFID II) and the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017)

Updated on

AUGUST 2, 2019

Risk Warning: CFDs are complex instruments and come with a high-risk of losing money rapidly due to leverage. 89.00% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high-risk of losing your money. Please consider our [Risk Disclosure](#).

CONFLICT OF INTERESTS POLICY

1. INTRODUCTION

Prior Capital CY Ltd (former PriorFX Ltd) (hereafter the “Company”) is an Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “CySEC”) under the License No. CIF221/13. The Company is incorporated and registered under the laws of the Republic of Cyprus under the certificate registration number HE321360. The head office of the Company is located at 196 Arch. Makarios III Ave., Ariel Corner, 3030 Limassol, Cyprus.

Following implementation of the Markets in Financial Instruments Directive II (MiFID II) 2014/65/EU in the European Union and based on the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) in Cyprus, the Company is required to provide its potential Clients with a summary of its CONFLICT OF INTERESTS POLICY (hereafter referred to as the “Policy”). The abovementioned legislation provides that the Company is required to take all reasonable steps to identify and avoid any “Conflict of Interests”.

As a part of its duty to avoid any conflicts of interest that may significantly affect the Client’s interest the Company will take all reasonable steps to mitigate any such conflicts that may arise in accordance with this Policy. The Policy applies to all the directors of the Company, employees, tied agents, any affiliates of the Company. The Policy refers to all interactions with all Clients.

Senior Management is responsible for ensuring that the Company’s systems, controls and procedures are adequate to identify and manage “Conflict of Interests”. It also ensures that all the arrangements made under this Policy operate effectively.

This Policy is not intended to and does not create third-party rights or duties that would not already exist if the Policy had not been made available, nor does it form part of any contract between us and any Client.

DEFINITIONS

“**Conflict of Interests**” means a conflict between the public duty and private interests of an individual or interests of his/her close family members in which an individual has private capacity interest which could improperly influence the performance of his/her official duties and responsibilities, or could compromise his/her impartiality, objectivity or independence (for example from another institution or public body).

“**Financial Instruments**” all instruments permitted by the license mentioned in section 2.

“**Relevant Persons**” means Persons who can have a material impact on the service provided and/or corporate behavior of the firm, including persons who are Client-facing front-office staff, sales force staff and/or other staff indirectly involved in the provision of investment and/or ancillary services.

2. PROVISION OF SERVICES

The Investment Services to be provided by the Company to the Client are:

- Reception and Transmission of Orders;
- Execution of Orders on Behalf of Clients;
- Dealing on Own Account;
- Portfolio Management;
- Investment Advice.

The Ancillary Services to be provided by the Company to the Client are:

- Safekeeping and administration of financial instruments, including custodianship and related services;
- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- Foreign exchange services where these are connected to the provision of investment services;
- Investment research and financial analysis or other forms.

The Company shall be offering the above investment services, in respect of the following Financial Instruments:

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties' other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

The Company is authorized to provide services on CFDs on cryptocurrencies and has been given permission to provide services on cryptocurrencies as a form of any other business.

Attention: Cryptocurrencies and CFDs on Cryptocurrencies are an extremely volatile high-risk, speculative investment and you may experience a significant loss over a short-period of time or lose all your invested capital. They are not appropriate for all investors. Before trading, you need to ensure you fully understand the risks involved taking into consideration your level of experience and investment objectives. Seek independent advice and consultation from an independent financial advisor if you have any doubts.

The Company lists on its website the transactions that the Client can conclude with the Company and the Financial Instruments that the Client can buy or sell. The Company reserves the right to amend the transactions and the Financial Instruments concerned without prior notice.

3. IDENTIFICATION OF CONFLICT OF INTERESTS

A potential “Conflict of Interests” occurs where competing obligations or motivations result in material risk of damage to the interests of a Client. For example, the Company or an employee of the Company is likely to make a financial gain, or avoid a financial loss, at the expenses of the Client. In the same way, a Client of the Company is likely to make a financial gain or avoid a financial loss at the expense of another Client. Furthermore, the Company may carry the same business as the Client. The Company has a duty to examine the abovementioned situations and see if they are applicable at any event during the course of providing investment services to the Client and do the utmost to avoid or mitigate any arising “Conflict of Interests”.

4. POTENTIAL SCENARIOS THAT COULD CREATE CONFLICTS OF INTERESTS

With respect to the investment services and/or ancillary services mentioned, the Company has conducted an analysis of certain potential scenarios that could create “Conflict of Interests”:

Potential “Conflict of Interests” may arise in providing the service of receiving and transmitting Client Orders in relation to one or more financial instruments:

Where the Company is providing the service of receiving and transmitting Clients Orders (“RTO”) in relation to one or more financial instruments, “Conflict of Interests” could arise in cases which Orders are received at the same time from different Clients for the purchase or sale of certain financial instruments, such as equity securities, with no counterpart existing in the market for the different Orders.

Furthermore, in some instances, the Company may receive non-monetary fees from other service providers in connection with its investment business, e.g. financial analyses or other data, training and sometimes technical services and equipment for access to third-party information and dissemination systems as per Section 8 below. These fees are not directly related to services

provided to Clients and the Company uses them to provide the high-quality services that Clients expect which allow on-going improvements to the Company's Services.

With respect to the transactions conducted via its online trading platform(s), the Company charges commissions according to the conditions as agreed with its Clients. The level of commission is based on and limited to the respective surcharge as defined in the Company's current schedule under Trading Conditions section, which is accessible on the Company's [website](#). Additionally, Clients can view all Commissions and Fees history electronically from Company's Interface directly through Clients' personal area.

Potential “Conflict of Interests” that may arise in providing the service of discretionary, individual management of investment portfolios in accordance with powers given by Clients:

Where the Company is providing the service of discretionary, individual management of investment portfolios, Clients delegate asset management to one of the Company's portfolio manager and with it the decision to buy or sell individual financial instruments. The Company, through its portfolio managers, decides whether to buy or sell assets based on investment guidelines agreed with the Client, but it does not obtain Client approval each time.

In these instances, “Conflict of Interests” could arise in the following instances:

- a) in the event of the purchase or sale of financial instruments on behalf of Clients in illiquid or non-transparent markets; in some instances, this could result in a large profit for the Company or for another Client.
- b) the fee received by the Company's employees providing portfolio or asset management services may be based on the performance of the Client's portfolio they are managing; in this instance, there may be an implicit incentive related to the increase in performance, which could lead to situations where managers, at the time of providing the service, do not take into account the risks inherent in their investment decisions, leading to action that is contrary to the interests of a Client or group of Clients;
- c) the Company is the discretionary portfolio manager for more than one Client – particularly in respect of issues related to allocation.

As such arrangements may exacerbate existing “Conflict of Interests”, the Company, to counter the associated risks, has introduced appropriate procedures as in particular by an investment selection process based on each individual Client profile. Furthermore, all inducements received within the scope of a portfolio management related Client relationship are passed through to the Company's Clients.

Performance-related pay is another area where there is a potential “Conflict of Interests” where the company is providing the service of discretionary, individual management of investment portfolios. Here, it is impossible to exclude the possibility that a portfolio manager may take disproportionate risks to maximize his/her performance-related pay.

Measures to reduce this risk include the internal monitoring of investment decisions by staff and combining performance-related pay and fixed remuneration, as set forth in the Company's "Remuneration Policy".

Potential "Conflict of Interests" that may arise in providing the service of Investment Advice:

Where the Company is providing the service of Investment Advice, Clients received Advice from one of the Company's Investment Advisers with regards to buying or selling financial instruments. The Company, through its Investment Advisers, provides Advice on whether to buy or sell assets based on the investment guidelines agreed with the Client. In these instances, "Conflict of Interests" could arise in the following instances:

- a) In the event of the purchase or sale of financial instruments on behalf of Clients in illiquid or non-transparent markets; in some instances, this could result in a large profit for the Company or for the Client.
- b) The Fee received by the Company's employees providing Investment Advice services may be based on the performance of the Client's portfolio they are managing; in this instance, there may be an implicit incentive related to the increase in performance, which could lead to situations where Advisers, at the time of providing the service, do not take into account the risks inherent in their investment decision, leading to action that is contrary to the interests of a Client or group of Clients;

As such arrangements may exacerbate existing "Conflict of Interests". The Company to counter the associated risks has introduced appropriate procedures as in particular by an investment selection process based on each individual Client profile. Furthermore, all inducements received within the scope of an Investment Advice related to Client relationship are passed through to the Company's clients.

Performance-related pay is another area where there is a potential "Conflict of Interests" where the Company is providing the service of Investment Advice. Here it is impossible to exclude the possibility that an Advisor may take disproportionate risks to maximize his/her performance-related pay.

Measures to reduce this risks include the internal monitoring of investment decisions by staff and combining performance-related pay and fixed remuneration, are set forth in the Company's "Remuneration Policy"; Finally, managers, employees, brokers or persons directly or indirectly associated with the Company by a control relationship, may be subject to Potential "Conflict of Interests" by virtue of their family, economic or professional links, or for any other reason related to a procedure, service or transaction, in instances which:

- a) May obtain a financial gain or avoid a financial loss, at the expense of a Client;
- b) They have an interest in the outcome of the service provided to a Client or the transaction performed on their behalf, other than the interest of the client.

The Company itself may have a “Conflict of Interests” in instances where it purchases a financial instrument for a Client and then sells it immediately to one of its other Clients or vice-versa.

Potential “Conflict of Interests” that may arise in providing the service of investment research and financial analysis or other forms:

Where the Company is providing the service of investment research and financial analysis, “Conflict of Interests” could arise in the following instances:

- a) a unit of the Company may be carrying out research or assessments of instruments while operating together with a unit of the Company providing other investment services, such as discretionary portfolio management;
- b) the Company may produce research material, which is to be used to support the Company’s sales and trading activities, but which may at the same time be distributed to the Company’s associates or some other person connected to the Company.

Whenever the Company prepares or distributed financial analyses, it provides Clients with information on potential and relevant “Conflict of Interests”.

Additionally, profits paid or received by the Company must in no way affect the Company’s duty to act in the best interest of the client.

“Conflict of Interests” regarding Dealing on Own Account:

Potential “Conflict of Interests” that may arise in providing the investment service of Dealing on Own Account or combinations thereof, including but not limited to:

Potential scenarios for “Conflict of Interests”:

- a. Influencing issue conditions for the benefit of own account dealing including biased investment advice due to self-interest in commission income; mispricing of issues of financial instruments to favor the proprietary / own account book.
- b. Unjustified use of dissemination of confidential information in relation to Client orders (Front / Parallel / Contra running).

Possible measures to mitigate the “Conflict of Interests” on Own Account Dealing:

“Inside” Information

The employees of the Company are prohibited from misusing "inside" or non-public "proprietary" information as such terms are defined above. The following provisions should therefore be adhered to:

- No relevant person may purchase or sell a security or cause the purchase or sale of a security for any account while in possession of “inside” information relating to that security;

- No relevant person may recommend or solicit the purchase or sale of any security while in possession of “inside” information relating to that security;
- No relevant person may disclose “inside” information to others, except disclosures made in accordance with the Company's policies and procedures to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
- No relevant person may purchase or sell or cause the purchase or sale of a security for an employee or employee-related account or a proprietary account of the Company or an account over which an employee exercises investment discretion, while in possession of “proprietary” information concerning a contemplated block transaction in the security or for a client account when such client has been provided such information by any associated person.

Chinese Walls

Chinese walls in a Company refer to the distinct segregation between different units or activities or departments. This is done to block the exchange of information and to preserve the use of confidential information. The ultimate objective of Chinese walls is thus to eliminate the misuse of inside information or non-public proprietary information. The following are carried out by all managers and employees of the Company to establish Chinese Walls:

- Confidential information is not discussed in public places e.g. restrooms, elevators, hallways, receptions and social gatherings;
- Avoid using speakerphones in confidential conversations where unauthorized persons may overhear;
- Use code names for confidential projects or clients where appropriate;
- Confidential documents are strictly forbidden to be placed in insecure locations where unauthorized persons may read them e.g. supermarkets, at home etc.
- Access to the Company's office is restricted by unauthorized persons;
- Access to the Company's records is restricted by unauthorized employees;
- Access to the Company's records to authorized clients is accompanied by an employee.

5. PROCEDURES TO MANAGE CONFLICT OF INTERESTS

The internal policies of the Company have been drafted and designed in such a way to identify and manage conflicts. The Compliance Department of the Company is responsible for this task. Several organizational and administrative arrangements have been made in order to safeguard the interests of Clients and minimize the potential risks for conflicts to arise.

A non-exhaustive list of the procedures and controls followed by the Company regarding the issue of “Conflict of Interests” is the following:

- Control of the exchange of information between the relevant persons engaged in activities involving a risk of a “Conflict of Interests”. Sometimes, the exchange of any information may harm the interests of the Clients;
- Personal account dealing restrictions applicable to all employees, regardless of seniority;
- 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;

- In some cases, declining to act on behalf of a Client or a potential Client;
- Protocols to ensure that no improper inducements are given or received, and proper inducements are disclosed appropriately;
- Control over sources of remuneration of relevant persons;
- Training of directors and employees of the Company on conflict management;
- 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.

6. INFORMATION BARRIERS

The Company respects the confidentiality of information it receives regarding 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. Chinese Walls are a key tool for “Conflict of Interests” 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. The Company maintains permanent information barriers between different departments.

7. SEPARATE SUPERVISION / FUNCTIONS

There is a clear distinction between the different departments operations. Two departments or businesses will be managed by different senior staff members, if running them under supervision of one person may create “Conflicts of Interests”. In this way, it is secured that no single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized. Furthermore, we have established the four-eyes principles in supervising the Company’s activities.

8. INDUCEMENTS

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

- A fee, commission or non-monetary benefit provided to or by a client or a person on behalf of a Client.
- 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:
 - the fee, commission or benefit is disclosed to a client, prior to the provision of the

- relevant service; and
- it is designed to enhance the quality of the relevant service to a Client and in line with the Company's duty to act in the best interests of a Client.
- 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 the Company's duties to act honestly, fairly and professionally in accordance with the best interests of its Clients.

9. EMPLOYEE'S ACTIVITIES OUTSIDE THE COMPANY

Our employees are subject to rules designed to avoid "Conflict of Interests" with activities they undertake outside our Company.

10. GIFTS

Our employees will not accept any gifts other than those considered normal in their line of business. Gifts and entertainments offered by the Company's Clients may influence the behavior of staff members in a way that conflicts with the interest of the Company or the Company's (other) Clients and such gifts and/or entertainment could place the Company in a situation where it would not be in compliance with the general duty to act in accordance with the best interests of its Clients.

11. DISCLOSURE

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect Client's interest, the conflict will be disclosed to allow the Client to make an informed decision on whether to continue using our service in the situation concerned.

12. MONITOR / REVIEW

The Company has the right to amend the current Policy at its discretion and at any time it considers is suitable and appropriate. The Company will review the Policy at least annually.

Where organizational or administrative arrangements made by the Company to manage "Conflict of Interests" are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented, it shall clearly disclose the general nature and/or sources of "Conflict of Interests" to the client before undertaking business on its behalf.

FAQ

Questions regarding the Policy should be addressed, in the first instance, to the Customer Support Department.

Customer Support e-mail: support@priorcapital.eu