

# POLICY FOR THE MANAGEMENT OF CONFLICTS OF INTEREST

This Document on Conflicts of Interest Policy is effective from February 2021 and shall remain effective until a more recent version is released. Finalto Trading Limited reserves the right to amend or supplement this Document at any time. This Document does not replace our Client Agreement (Terms and Conditions of Trading) which we ask that you read carefully before you enter into any trading. The prevailing version of this Document is always available on our website [uk.opcmarkets.com](https://uk.opcmarkets.com).

Financial products traded on margin carry high degree of risk to your capital. Spread bets, CFDs and Forex are complex high-risk instruments and therefore are not suited to all investors. **Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 77% of retail investor accounts lose money when trading spread bets and CFDs with this provider. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.** FX, Spread Bets and CFDs are provided by Finalto Trading Limited on an execution only basis; we do not provide any advice nor should any communication with us, either written or oral, be construed as such.

Finalto Trading Limited Ltd is authorised and regulated by the Financial Conduct Authority (FCA), registration number 605305. Finalto Trading Limited is incorporated in England and Wales under company number 08663212 and whose registered address is at 11th Floor Broadgate Tower, Primrose Street, London, England, EC2A 2EW.

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## 1. INTRODUCTION

This document sets out Finalto Trading's policy to effectively manage the conflicts of interest that may arise where it provides services to Clients in the course of carrying on regulated activities. This document is not intended to create third party rights or duties or form part of any contractual agreement between the firm and any Client.

## 2. EXPLANATION

- a. The circumstances which should be treated as giving rise to conflicts of interest include all cases where there is:
  - i. a conflict between the interests of Finalto Trading, its Directors or staff, certain persons directly or indirectly connected to Finalto Trading or an Affiliate of Finalto Trading and the duty that Finalto Trading owes to a Client; or
  - ii. a conflict between the differing interests of two or more Clients, as Finalto Trading owes a separate duty to each of them.
- b. Conflicts may arise, and all staff must take into account, whether any of the persons described above:
  - i. is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
  - ii. 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;
  - iii. has a financial or other incentive to favour the interest of another Client, or group of Clients, over the interests of the Client;
  - iv. carries on the same business as the Client; or
  - v. receives, or will receive, funds, goods or services outside standard commissions, fees or other remunerations for that service.

## 3. Finalto Trading EMPLOYEE PERSONAL ACCOUNTS

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 Finalto Trading'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.

## 4. PORTFOLIO MANAGEMENT

- a. Finalto Trading's fund managers will not be influenced by any external factors when making investment decisions/recommendation.
- b. Any investment decisions/recommendations must be fully documented so that any potential conflicts of interest are disclosed at the time and Finalto Trading can document how it intends to avoid or manage the conflict with regard to all the facts known at that time.

## 5. MANAGING CONFLICTS OF INTEREST

It may not be possible to prevent conflicts of interest from arising. In that case, Finalto Trading will endeavour to manage the conflict of interests by:

- i. Employee Signoff - Finalto Trading insisting that all employees sign and adhere to the company Handbook and Compliance Policies;
- ii. Disclosure to the Client - Finalto Trading will clearly disclose 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;
- iii. Establishing an information barrier (Chinese wall) - Finalto Trading will require information held by one part of the business

to be withheld from, or not used by, persons in another part of the business;

- iv. Independent Oversight - Where a conflict of interest arises as a result of the day-to-day management of Clients' portfolios, the fund manager is required to document the allocation between Clients' portfolios;
- v. Declining to provide the service - If it is not possible to avoid or manage a conflict of interest Finalto Trading may have no choice but to decline to provide the service requested;
- vi. Annual checks to ensure that appropriate systems and controls are maintained and are reported to Finalto Trading's Board of Directors;
- vii. Prohibition of external business interests conflicting with Finalto Trading's interests as far as Finalto Trading's officers and employees are concerned, unless Board of Directors approval is provided;
- viii. Gifts and inducements Policy - Finalto Trading shall only allow gifts to be received by Finalto Trading employees in accordance with Finalto Trading's Gifts and Entertainment Policy; and
- ix. Whistleblowing Policy - If any employee believes Finalto Trading is acting wrongly and incorrectly with regards to any regulatory procedures, they may act by contacting the FCA in confidence.

We also map out here below, our approach to managing these indicative areas of conflicts of interest:

Circumstances of potential conflict of interest*	Our approach to managing these (indicative actions)
<p>When a client enters into any order to Buy or Sell a Contract for Difference ("CFD") on our trading platforms, the client trades with us as his / her counterparty. We are the Principal to each trade that the client enters.</p> <p>This means that:</p> <ul style="list-style-type: none"> <li>• The client may only close each position he trades with us.</li> <li>• The client's positions are not transferable to any other regulated investment firm. This is a major difference to when clients trade for example in Shares. In such cases, clients can move their holding in Shares to be traded through another investment firm – broker. In CFDs, clients can only trade / close their position with the investment firm – broker they initially opened their position with.</li> <li>• If clients make profits on their trading, we lose. If the clients register losses on their trading, this means we profit.</li> </ul>	<ul style="list-style-type: none"> <li>• We have introduced an <b>Order Execution Policy</b> that sets out our obligations in delivering Best Execution to our clients.</li> <li>• Best Execution is the process by which Finalto Trading Limited seeks to obtain the best possible result when executing client orders.</li> <li>• Generally, Best Execution is determined on the basis of the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise.</li> <li>• Prices quoted for CFDs are based on the published prices of underlying instruments on the regulated exchanges where such instruments are regularly traded or, with respect to Foreign Exchange, based on the aggregation of prices received from global investment banks and other liquidity providers</li> <li>• Commencing 2017, we regularly advise the Cyprus Securities and Exchange Commission as our home regulatory authority of the number of winning and losing clients.</li> <li>• We disclose our Spreads and charges on our trading platform OPCMarkets.com.</li> <li>• Our marketing communication is developed on the basis of being fair, clear and not misleading to clients and is issued following approval by the Compliance department.</li> </ul>
<p>The settings of the trading platform may be at non symmetrical parameters. A key area relates to trading slippage. Slippage refers to the difference a client expects to pay for a trade and the actual price at which the trade is executed. Slippage occurs because there is a slight time delay between the client entering the trade and the time the broker receives the order. During this time delay, the price may have changed. Slippage can be much higher in fast-moving, volatile markets. It can either work in favor of or against the client. Conflicts may arise if the application of slippage parameters is not symmetrical. That is the broker enables a higher negative slippage for the client whilst limiting the client's potential profit in positive slippage.</p>	<ul style="list-style-type: none"> <li>• All trading platform parameters are symmetrical.</li> <li>• There is also full disclosure of the risk of negative slippage as well as positive slippage in the <b>Order Execution Policy</b> and in the Terms &amp; Conditions.</li> <li>• We have monitoring procedures in place in order to ensure that the slippage parameters are indeed symmetrical.</li> </ul>

Circumstances of potential conflict of interest*	Our approach to managing these (indicative actions)
<p>Finalto Trading Limited, its employees, 3<sup>rd</sup> parties acting on behalf of or on the basis of specific agreements with Finalto Trading Limited (such as introducers, websites and social media) may have an interest in maximizing trading volumes in order to increase dealing revenues or their variable remuneration pay. This may be inconsistent with the need for client's to trade prudently or for minimizing clients' transaction costs. Finalto Trading Limited employees may also receive bonuses or other form of variable pay that links to the trading performance of clients.</p>	<ul style="list-style-type: none"> <li>• Employees who receive any form of variable pay (including performance related pay) are subject to vesting periods with malus and claw back provisions.</li> <li>• Incidents of conflicts of interest or any other compliance breach lead to suspension of unvested rights and / or clawback of any awards and / or termination of employment.</li> <li>• Awards are structured so as to have regard to long term client satisfaction as opposed to short term Company gains, recognizing that our long-term success is premised on maintaining satisfied clients over the long term.</li> <li>• Any websites, affiliates or other online introducers do not have any role in our assessment of the clients' knowledge and experience for onboarding purposes, such decision to onboard being at the entire discretion of Finalto Trading Limited.</li> <li>• Local registrations with regulatory authorities have to be adhered to by affiliates where appropriate.</li> </ul>
<p>Where investment research or market information is provided this does not take account of the circumstances and investment objectives of individual clients. Finalto Trading Limited or legal and natural persons affiliated with it may have a position or trade in financial instruments that may be covered by such investment research.</p>	<ul style="list-style-type: none"> <li>• We do not offer any form of investment advice and our disclaimers make this fact explicitly clear.</li> <li>• Market research is performed on behalf of Finalto Trading Limited by 3<sup>rd</sup> parties who are segregated from our Dealing, Sales and Retention employees.</li> <li>• We remunerate such 3<sup>rd</sup> parties on the basis of fixed fee arrangements which are not related to the trading generated from our clients.</li> <li>• Other than being a Principal to clients' trading or hedging for the market risk emanating for this trading, neither Finalto Trading Limited or its holding company or affiliates trade in any form of financial instrument for the purpose of short-term financial gains.</li> </ul>
<p>Employees or business associates may have a personal holding in a security of a company and where such employees or business associates are involved in executing clients' orders, and – in breach of internal policy – encourage or push the client to trade in such a security.</p>	<ul style="list-style-type: none"> <li>• Our Code of Conduct states clearly that we do not engage in investment advice and stipulate the consequences for any breach of this requirement.</li> <li>• We monitor client communications to ensure that our staff do not engage in any form of investment advice.</li> <li>• All employees are bound by our Personal Account Trading Policy as in force and effect from time to time.</li> <li>• Other indicative points as set out in the Code of Conduct extracts of which are set out above.</li> </ul>

Circumstances of potential conflict of interest*	Our approach to managing these (indicative actions)
<p>The Company may act as a manufacturer and/or distributor of its products, defining its target market, and therefore has an interest in maximizing its trading volumes by selling its products and services to a large variety of persons. Such incentive may be conflicting with the Company's obligation to assess the appropriateness of each prospective client. Such appropriateness assessment will determine whether a client is appropriate to use the Company's services and is conducted at the onboarding stage.</p>	<ul style="list-style-type: none"> <li>• The scoring methodology for the assessment of appropriateness was conducted following consultation meetings with all stakeholders within the Company under the direction of the Compliance Department so as for us to be in a position to reasonably determine whether complex Financial Instruments such as the CFDs are appropriate for the client to invest in.</li> <li>• Checks are performed on an on-going basis to ensure the system reflects the correct scoring and applies all rules set by the Company.</li> <li>• The Compliance Department performs sample reviews for each of the Company's Appropriateness categories (Experienced, Less Experienced, Inexperienced) to evaluate whether the client's categorization following the appropriateness scoring is in line with the latest scoring rules of the Company.</li> <li>• The assessment is performed in an automated way, thus Finalto Trading Limited and its employees are not able to manually interfere in the process.</li> <li>• On an ongoing basis and at least annually the Company performs an analysis and review of its appropriateness assessment and scoring methodology to determine its adequacy.</li> </ul>

\*Note that the above are only indicative areas of potential conflicts of interest.

## 6. RECORD KEEPING AND RECORDING

Conflicts of interest or potential conflicts should be reported immediately by email to the head of the relevant business unit and to Finalto Trading's Compliance Officer at [compliance@opcmarkets.com](mailto:compliance@opcmarkets.com)