



# eXcentral



## Conflict of Interest Policy

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excentral.com/eu

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## TABLE OF CONTENTS

1. Purpose .....	3
2. Scope.....	3
3. Identification of Conflict of Interests .....	4
4. Management of Conflicts of Interest.....	5
5. Disclosure of Conflict of Interest.....	7
6. Client’s Consent .....	8
7. Amendment / Review .....	8



### **In case of dispute English version prevails**

**By accepting this Conflict of Interest Policy, you acknowledge and confirm that our official legally binding language is English. In the event of any discrepancy or inconsistency between any documentation, information and communications in any other language other than English, the English documentation, information and communications shall prevail.**

Mount Nico Corp Ltd operating under the brand name eXcentral is a Cypriot Investment Firm (“CIF”) with business address: 204, P. Lordos Center, Block B, Corner Makarios Avenue 204 & Vyronos 1 Street, 3105, Limassol, Cyprus, Company Registration No. HE307717, and is regulated by the Cyprus Securities and Exchange Commission (hereinafter “CySEC”) under License Number 226/14 (hereinafter the “Company”).

Following the implementation of the Markets in Financial Instruments Directive (MiFID 2) in the European Union and in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (L.87(I)/2017) in Cyprus, the Company is required to provide its clients and potential clients with a summary of its Conflicts of Interest Policy (hereinafter the “Policy”). The Company is required to take all reasonable steps to detect and avoid conflicts of interest. The Company is committed to acting honestly, fairly and professionally and in the best interests of its clients and to complying, in particular, with the principles set out in the above legislation when providing investment services and other ancillary services related to such services.

## **1. Purpose**

The purpose of this document is to set out the Company’s approach in identifying and managing conflicts of interest which may arise during the course of its normal business activities. In addition, this document identifies circumstances which may give rise to a conflict of interest. The Conflict of Interest Policy sets out the procedures, practices and controls in place to achieve this.

## **2. Scope**

In accordance to the Investment Services Activities and Regulated Market Law of 2017, the Company is required to take all reasonable steps to identify conflicts of interest between:

1. itself, including its managers and employees, tied agents or other relevant persons, as well as any person directly or indirectly linked to them by control, and their clients; or
2. one client and another client of the Company.

The Company must establish adequate procedures to ensure compliance with the Law above, including appropriate rules governing personal transactions by such persons. Relevant person in relation to the Company means any of the following persons:



- a. a member of the board of directors, partner or equivalent, manager or tied agent;
- b. a member of the board of directors, partner or equivalent, or manager of the tied agent;
- c. an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities;
- d. a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities.

### 3. Identification of Conflict of Interests

For the purposes of identifying the types of conflicts of interest that may arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interest of a Client, the Company takes into account, by way of minimum criteria, the question of whether the Company or a Relevant Person, or a person directly or indirectly linked by control to the Company, 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 Client 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 Client or group of Clients over the interests of the Client.
- d. The Company or a Relevant Person may receive goods, services or other inducement in addition to standard commission/ fee charged in respect of a service provided to the client.
- e. The Company or a Relevant person carries on the same business as the Client.

Taking into consideration the services the Company offers; potential sources of Conflicts of Interest may arise as a result of:

1. The Investment services and/or ancillary services (or a combination thereof) provided by the Company to, for and/or on behalf of its Clients:
  - a. The maximizing of trading volumes in order to increase receivable brokerage commission, which may directly conflict with the Client's interest, if that interest is in minimizing the volume of trades they perform.
  - b. The selection of one sole Liquidity Provider, which is a related party, whilst ensuring that the principals of best execution are being met.
  - c. Any other inducements received or granted by or to third parties in connection with investment services and/or ancillary services (or a combination thereof).
2. Inducements, commissions, remuneration, gifts etc. :



- a. Performance based remuneration and/or inducements granted or paid to employees of the Company, by the Company, which may negatively affect the Client and incentivize aggressive marketing tactics and repeated phone call making.
  - b. Remuneration and/or inducements granted or paid to third parties (affiliates or business introducers) based on referral and on-boarding of new clients, which may negatively affect the Client and incentivize aggressive marketing tactics and the use of misleading information.
3. Taking into consideration the organizational structure of the Company, its related parties and outsourced providers, potential sources of Conflicts of Interest may arise as a result of:
  - a. The Company acting as an agent for the client in relation to transactions in which a related Company acts as a principle and where revenues of the principle are generated from the losses of Client's trades.
  - b. A transaction being affected in financial instruments in respect of which the Company may benefit from a commission, fee, or non-monetary benefit payable otherwise than by the client.

It should be noted that the above scenarios do not necessarily give rise to a 'Conflict of Interest' or to any material damage to the Client, but are disclosed in the interest of full transparency. The above scenarios should be considered in relation to the procedures and measures implemented by the Company in order to manage or limit their impact.

#### **4. Management of Conflicts of Interest**

The measures adopted are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of the Company, and to the materiality of the risk of damage to the interests of the Client. The following measures have been adopted by the Company for ensuring the requisite degree of independence:

- Measures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest (i.e. Chinese wall).
- 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. The Company's department whose interests may conflict with clients are: Dealing Room.
- Removal of any direct link between the remuneration of relevant persons principally engaged with one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a Col 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 or activities.
- Measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate investment services where such involvement may impair proper management of Col.



The Company maintains and operates effective organizational and administrative procedures to manage and prevent the identified conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

The Company has set up internal policies and has an in-house Compliance Department that is responsible for identifying and managing potential conflicts of interests. The above will also update the relevant internal procedures and ensure compliance with such procedures.

More specifically, the Company has adopted the following General Measures:

1. A 'need to know' policy on disseminating confidential/ inside information in the Company.
2. Chinese walls restricting the flow of confidential and inside information within our company, and physical separation of departments.
3. Procedures governing access to electronic data.
4. Segregation of duties that may give rise to Col if carried on by the same individual.
5. Personal account dealing restrictions for relevant persons for their own investments.
6. A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
7. Policy designed to limit the conflict of interest arising from giving/ receiving inducements.
8. An in-house Compliance Department to monitor and report on the above to BoD.
9. Appointment of Internal Auditor to ensure that appropriate system and controls are maintained and report to the Company's Board of Directors.
10. Prohibition on officers and employees of the Company having external business interests conflicting with the interests of the Company without the prior approval of the BoD.
11. Establishing the four-eye principle in supervising the Company's activities.

Measures in relation to the Investment services and/or ancillary services of the Company:

1. Clients orders are executed in line with the Company's 'Order Execution Policy' which requires the Company to take all reasonable steps to achieve best overall trading results for Clients;
2. The Company does not provide any preferential treatment to any one Client or group of Clients and warrants that it ensures fair treatment to all Clients and their orders;
3. The Company's internal systems automatically executed Client orders/transactions in the order they are received.

Measures in relation to Inducements, commissions, remuneration, gifts etc.:

1. Employee Remuneration Policy: The Company, in accordance with its governing legislation, does not remunerate (bonus) employees based on any factors that create a conflict of interest with the Clients they communicate with (if applicable). Employees are remunerated based on Key performance indicators within their Departments, which are approved by the Compliance Function and Board of Directors.



2. **Affiliate Remuneration:** The Company remunerates its affiliates (business introducers) on the basis of client transactions (% commission), as such the remuneration may give rise to conflicts of interest that may negatively affect the Client and incentivize affiliates towards aggressive marketing tactics or the provision of misleading information to increase their own commission. In order to mitigate this risk, the Company ensures the following:
  - a. Affiliates are not given access to Clients personal information and are prohibited from contacting Clients of the Company upon the opening of trading accounts.
  - b. Further to this the Company prohibits affiliates from encouraging the prospective client to place a deposit or trade more than planned.
  - c. The Company monitors on an ongoing basis all affiliate sources of communication to ensure that the affiliate is complying with the terms of their agreement.
  - d. In case of identification of aggressive marketing, the Affiliates account is closed.
3. The Company does not offer, solicit or accept any inducements other than those outlined as fees or commissions.
4. The Company does not allow its employees to accept any gifts or monetary benefits of any kind which may cause Conflict of Interest. Gifts of low value may be accepted, as long as the Company is informed and approves such gifts (this does not apply to monetary gifts like cash). The Company shall maintain a gifts and inducements log for low value gifts.

Measures in relation to the Company's Structure/ Outsourced Service Providers/ Related parties:

1. The Company has in place non-disclosure and confidentiality agreements with all related parties, outsourced service providers or members of the group in relation to Client's personal information;
2. The Company controls the information communicated between the Company's entities, related parties and outsourced service providers to ensure no harm to the Client's interests.
3. The Company maintains a register of all the related party/outsourced provider payments made and assesses them in terms of Conflicts that may negatively affect Client's interests. Where relevant these conflicts are disclosed in this Policy along with the mitigating factors applied to ensure the removal of any incentives for malpractice.
4. The Compliance Function has in place monitoring procedures for the services provided by related parties and outsourced service providers.

## **5. Disclosure of Conflict of Interest**

When the measures taken by the Company to manage conflicts of interest are not sufficient to ensure, with reasonable confidence that risks of damage to clients' interest will be prevented, the Company proceeds with the disclosure of conflicts of interest to the client. Prior to carry out a transaction or provide an investment or an ancillary service to a client, the Company must disclose any actual or potential conflict of interest to the client.

The disclosure will be made in sufficient time and in a durable means and shall include sufficient detail, taking into account the nature of the client, to enable him to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises. Clients will be



given the opportunity to decide on whether or not to continue their relationship with us with no unreasonable obstacles. If the Company does not believe that disclosure is appropriate to manage the conflict, we may choose not to proceed with the transaction or matter giving rise to the conflict.

## **6. Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him. Further, the Client consents to and authorizes 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.

In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the Client.

## **7. Amendment / Review**

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this fit and appropriate.



## **Mount Nico Corp Ltd**

Registered in Cyprus under the Companies Law (Registration no. HE307717)

Authorized and regulated by the Cyprus Securities and Exchange Commission (License no. 226/14)

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