

# AXITRADER

## **Conflicts of Interest Policy**

**SOLARIS EMEA Limited**

## **CONFLICTS OF INTEREST POLICY**

### **1. Purpose**

The purpose of this Policy is to specify the procedures put in place by Solaris EMEA Ltd (hereafter the “Company”), for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interests arising in relation to its business and to reduce the risk of client disadvantage and reduce the risk of legal liability, regulatory censure or damage to Company’s commercial interests and reputation and to ensure that it complies with legislative requirements and the departmental and general procedures which are set by its Internal Procedures Manual.

Having adequate conflicts management arrangements helps Solaris EMEA Ltd to comply with their general obligation to operate efficiently, honestly and fairly. It will also help Solaris EMEA Ltd to establish and maintain a reputation for integrity in the provision of financial services and ensures that the quality of their financial services is not significantly compromised by conflicts of interest.

### **2. Policy**

The Company established, implemented and maintains an effective conflicts of interest policy set out in writing and appropriate to the size and organisation of the Company and the nature, scale and complexity of its business.

The Company takes all appropriate steps to identify and to prevent or manage conflicts of interests between itself, including its senior management, employees and tied agents, or any person directly or indirectly linked to it by control and its clients or between one client and another client, that arise in the course of providing any investment and ancillary services, or combinations thereof, including those caused by the receipt of inducements from third parties or by the Company’s own remuneration and other incentive measures, which adversely affect the interests of the Company’s clients.

Furthermore, the Company maintains and operates effective organizational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.

The senior management ensures the implementation of governance arrangements for the prevention of conflicts of interests.

When the Company is a member of a group, the policy takes into account any circumstances, of which the Company is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

The conflicts of interest policy includes the following:

- (a) Identify, with reference to the specific investment and ancillary services and activities carried out by, or on behalf of, the Company, the circumstances which constitute or may give rise to a conflict of interest entailing all potential risks risk of damage to the interests of one or more Clients.
- (b) specify procedures to be followed and measures to be adopted in order to manage and such conflicts

The Company ensures that the procedures and 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 of the group to which the Company belongs, and to the materiality of the risk of damage to the interests of Clients.

Relevant persons are those depicted in the Personal Transactions Policy of the Company.

The procedures followed and measures adopted includes such of the following as are necessary and appropriate for the Company to ensure the requisite degree of independence:

- (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) 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.

### **3. Identifying Conflicts of Interests**

The Company identifies conflicts through a number of processes:

- attestation processes for all employees;
- each employee declares their own conflicts by adding them to the conflicts register;
- review of the organisation overall to identify where the interests of employees in different departments might create conflicts;
- review of the organisation to identify where employees might have interests that could potentially conflict with either the interests of the Company or one of its clients;
- review of the business, its operations and services to see how these may conflict with the interests of clients;
- the use of a standing item on each Board agenda where directors are required to disclose any director interests; and
- review remuneration arrangements for employees to ensure that there are no conflicts of interest that might arise or to ensure that it is appropriately disclosed.

### **4. Safeguards of Conflicts of Interests that may arise:**

The Company established appropriate safeguards in order to eliminate any conflict of interest between its departments. More specifically:

- Chinese Walls:

The Company can manage conflicts of interest with the establishment and maintenance of internal arrangements restricting the movement of information within the firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from, or not to be used by, persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a *Chinese Wall*.

The Company has adopted these rules in determining its own policies with regard to Chinese Walls which is as follows:

1. when the Company establishes and maintains a Chinese wall it may:
  - a. withhold or not use the information held; and
  - b. for that purpose, permit persons employed in the first part of its business to withhold the information held from those employed in that other part of the business; but only to the extent that the business of one of those parts involves the carrying on of regulated activities or ancillary activities.
2. Information may also be withheld or not used by the firm when this is required by an established arrangement maintained between different parts of the business (of any kind) in the same group. This provision does not affect any requirement to transmit or use information that may arise apart from the rules in COBS.
3. For the purpose of this rule, "maintains" includes taking reasonable steps to ensure that the arrangements remain effective and are adequately monitored and must be interpreted accordingly.

- Segregation of Duties:

The Company strives to ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. The Company's policies concerning the segregation of duties within the Company and the prevention of conflicts of interest are laid out below.

The Company is aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also help to ensure that the firm's governing body receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

The Company ensures that, in general, no single individual has unrestricted authority to do all of the following:

1. initiate a transaction;

2. bind the firm;
3. make payments; and
4. account for it.

Where the Company is unable to ensure the complete segregation of duties due to its limited employee base, it has adequate compensating controls in place including the frequent review of an area by relevant senior managers and controls functions.

In case the adoption or the practice of one or more of the above measures and procedures does not ensure the requisite degree of independence, the Company is required to adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

#### **5. Conflicts of interest potentially detrimental to a client**

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 retail 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 that person is likely to make a financial gain or avoid a financial loss, at the expense of the client.
- b. The Company or that person has an interest in the outcome of a service provided to the client, or of the transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
- c. The Company or that 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 that person carries on the same business as the client.
- e. The Company or that person receives or will receive from a person other than the client, an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

It is considered for the Company or a relevant person that it is in a conflicts of interest situation, irrespective of whether the firm or the relevant person has found itself in the above situations as a result of providing investment or ancillary services or investment activities or otherwise.

The affected parties if conflict of interest arises can be the Company, its employees or its clients. More specifically, a 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/manager of the Company
- e. Between Company's Departments

## **6. Procedures**

The Compliance Officer is responsible for maintaining the conflicts of interest policy. In this respect, the Compliance Officer ensures that all the Company's personnel is aware of the Company's conflicts of interest policy and can clearly identify circumstances that may give rise to conflicts of interest. The Compliance Officer is responsible to regularly review and update the policy.

In case any employee comes across with a situation that may give rise to a conflict of interest, the employee shall immediately report this to the Compliance Officer. The Compliance Officer determines, in consultation with the senior management, if a conflict of interest is present and take the necessary action to resolve it.

## **7. Responding to Conflicts**

There are two primary ways to respond to a conflict of interest, whether actual or potential:

1. Manage or control the situation giving rise to the conflict.
2. Avoiding the situation giving rise to the conflict.

Additionally, where an actual conflict has arisen there may be a need to initiate disciplinary action against employees involved in the conflict if there is a significant negative impact on the business.

## **8. Disclosure of Conflicts of Interest**

In case where the procedures depicted in the conflicts of interest policy are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Company clearly discloses the general nature and/or sources of conflicts of interest to the client before undertaking business on its behalf. This disclosure shall be made in a durable medium and include sufficient detail, taking into account the nature of the client, to enable the client to take an informed

decision with respect to the investment or ancillary service in context of which the conflict of interest arises.

Disclosing an interest to a customer is normally required where the firm has an interest in a transaction on which it is advising or where the firm derives, or derives, consultancy, non-executive director or other fees from customers involved in a transaction.

Disclosure is made before the Company advice clients on a transaction and the Company is able to demonstrate that have taken reasonable steps to ensure that the client does not object material interest or conflict of interest.

***When the disclosure shall be made:*** When the organizational or administrative arrangements made by the Company to prevent conflicts of interest from adversely affecting the interests of its client are not sufficient to ensure, with *reasonable confidence*, that risks of damage to client interests will be prevented. The disclosure is a measure of last resort, to be used only in the aforementioned occasion. Over-reliance on this disclosure shall be considered a deficiency in the Company's conflicts of interest policy.

***How the disclosure shall be made:*** The disclosure shall be made in a durable medium, which also includes the provision of the disclosure through the Company's website.

***What information shall be included in the disclosure:*** The disclosure includes sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises. This will be met when the disclosure includes at least the following:

- i. A specific description of the conflict of interest under question, taking into account the nature of the client to whom the disclosure is made. This clause shall not be seen as excluding the possibility of communicating the disclosure in the means of a durable medium to retail as well as to non-retail clients;
- ii. Detailed explanation of the nature and/or sources of conflicts of interests, as well as the risks to the client that arise as a result of the conflict and the steps taken to mitigate these risks; and
- iii. Clear statement that the organizational and administrative arrangements established by the Company to prevent or manage that conflict are not sufficient to ensure with reasonable confidence, that the risk of damage to the interests of the client will be prevented.

***Declining to Act:*** If the Company determines that it is unable to manage a conflict of interest using one of the methods described above, the Company declines to act on behalf of the client concerned.

## **9. Use of leverage**

The Company takes note of the CySEC Circular C271 regarding the ESMA product intervention measures on Binary Options and CFDs as published in the Official Journal of the European Union relating to the provision of CFDs.

The Company implements the below procedures in order to mitigate the potential conflict of interest between the Company and retail client stemming from the use of leverage:

1. Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying asset as shown below:
  - 30:1 for major currency pairs;
  - 20:1 for non-major currency pairs, gold and major indices;
  - 10:1 for commodities other than gold and non-major equity indices;
  - 5:1 for individual equities and other reference values and
  - 2:1 for cryptocurrencies.
2. A margin close out rule on a per account basis. This will standardize the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail clients' open CFDs accounts.
3. Negative balance protection on a per account basis. This will provide an overall guaranteed limit on retail client losses.
4. A restriction on the incentives offered to trade CFDs; and
5. A standardized risk warning, including the percentage of losses on a CFD provider's retail investor accounts.

## **10. Gifts and Entertainment**

Certain gifts or entertainment packages may be seen to create conflicts of interest and/or may be considered bribery and corruption or money laundering and counter terrorism financing.

It is recognised that gifts and entertainment may be part of conducting cordial business relationships in some cultures and therefore, notification of any gift received from a client or

service provider must be provided to Compliance and recorded in the Gift Register together with an estimate of its value and prior approval must be sought after.

We do not prohibit our staff from receiving small gifts and minor hospitality from other parties. However, no employee or director may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all the circumstances.

Employees may not accept gifts from, or provide gifts to, an individual or firm with whom they conduct, or intend to conduct, business on behalf of the firm unless it can be demonstrated that no conflict of interest (actual or perceived) is created by doing so.

Entertainment provided by an employee must fall within any expenses policy the firm may adopt and should not in any event create any conflict of interest. This rule applies even if the direct recipient of the gift or other benefit is the spouse or a child of the employee or some other third party. The provision or acceptance of gifts and entertainment should be consistent and proportionate with the corporate relationship.

The Company maintains a register of Gifts and it is the responsibility of employees to notify the firm of any gifts received.

#### **11. Outside Business Activities (“OBAs”)**

Any outside business activities of the Company which may present a conflict of interest must be identified and accordingly dealt with. All new employees must declare any OBAs before they start working for the Company and existing employees must get approval before entering a new OBA. They will be recorded in the conflicts register and managed in the same way as a normal conflict of interest.

Any OBAs which are found to result in an actual, apparent or potential conflict will not be approved and the employee may potentially be required to exit that interest or their employment with the Company will be terminated.

#### **12. Related Parties and Suppliers**

Employees must disclose any financial interest they or their immediate family have in any company which does business with Solaris EMEA Ltd or which competes with it. The Company may require divestiture of such interest if it deems that the interest is in conflict with its best interests.

### **13. Staff Trading**

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 the firm'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.

### **14. Investment Recommendations**

The Company does not provide investment recommendations or advice, so there will not be a situation where a member of staff causes a conflict by giving advice. All staff are trained and aware of this and call monitoring is routinely made to ensure compliance.

### **15. Record keeping**

The Company maintains a record, which is regularly updated, of the kinds of investment and ancillary service or investment activity carried out by the Company or on its 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 on-going service or activity, may arise.

### **16. Updates of Conflicts of Interest Policy**

The Company assess and periodically review, on at least annual basis, the Policy and takes all appropriate measures to address any deficiencies. In the event that the Company materially changes this Policy, the revised Policy is uploaded in the Company's website. In this respect, the Clients are requested to hereby accept the revised Policy electronically. Any dispute over the Company's Policy is subject to this notice and the Client Agreement. The Company encourages its Clients to periodically review the Policy.

Any updates and/or changes in the conflicts of interest policy of the Company is approved by the Board of Directors of the Company. Policy is required to be reviewed annually and a report is provided to the senior management.