



**CIF License no. 303/16**

*Regulated by the Cyprus Securities & Exchange Commission*

# **CONFLICTS OF INTEREST POLICY**

**V1.3**

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## **Introduction**

Rynat Trading Limited hereon referred to as the “Company” is a Cypriot Investment Firm incorporated and registered under the laws of the Republic of Cyprus, with registration No. HE 344135. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the license No. 303/16.

The Investment Services and Activities and Regulated Markets Law (L.87(I)/2017), including all its amendments and the Directives issued by CySEC (the “Regulations”) are the regulatory framework that governs Trading in Financial Instruments.

## **Policy**

This Policy for the Management of Conflicts of Interest (the “Policy”) provides an overview of how Rynat Investments Limited (“Rynat”, “we” or “us”) seeks to manage potential conflicts of interest that may arise when offering investment services to clients. This Policy does not form part of any legal agreement between Rynat and any client or prospective client.

## **Scope**

The Policy applies to all its directors, employees, suppliers, outsources, contractors and any person directly or indirectly linked to the Company (hereinafter called “related persons”) and refers to the provision of all Investment and Ancillary Services to all clients.

The scope of this Policy is to ensure that the Company’s conflicts of Interest are identified, managed and, where necessary, disclosed to ensure the fair treatment of all Clients, to reduce the risk of Client disadvantage and reduce the risk of legal liability.

## **Departments**

ALL Departments

## **In-depth description of procedures of the Policy**

### **Our Commitment for Treating Customers Fairly**

Treating Customers Fairly is central to our corporate culture and ethos.

We have a duty to act honestly, fairly, professionally and in the best interests of our clients when dealing with them. Our framework for Treating Customers Fairly is premised on six key principles as follows:

- a) Clients should be confident that treating them fairly is central to our corporate culture and ethos;
- b) We market products and services to our retail clients having regard to whether they are appropriate for them, based on the targeted clients' knowledge and experience;
- c) We provide our clients with clear, fair, not misleading and not aggressive information at all times; before, during and after their trading with us;
- d) We do not offer clients investment advice. We communicate non-client specific market information and "colour" from sources which we reasonably believe, acting diligently, are credible;
- e) We provide high levels of client service and experience as measured by: best possible prices, speed of execution, quality of our knowledge on client enquiries. We do not promise what we cannot deliver. We are not aggressive or misleading in our dealings with clients and do not permit business or other introducers to be so either;
- f) We are transparent on the basis that clients deal with us, especially where clients trade with us on a principal to principal basis. We advise clients of conflicts and the Over the Counter ("OTC") and non-transferability nature of our CFD product suite.

### **Our Code of Conduct**

Rynat and its holding company theXtrend (collective the "Group") have in place a Code of Conduct applicable for all employees of the Group. The Code of Conduct deals with how Conflicts of Interest are managed internally and the processes, procedures adopted by the Group to this end. In relation to conflicts of interest, key points to note from the Code of Conduct indicatively include:

- a) All employees are bound by the terms of the Code of Conduct and have to annually acknowledge their continuous adherence to this Code of Conduct
- b) All employees should at all time be in full compliance to internal policies and procedures
- c) Employees are advised through the Code of Conduct how to identify conflicts of interest and how to escalate these to their line management and the Compliance Department
- d) All employees are bound by professional secrecy. Confidential information is only to be shared if essential for performing their specific duties and responsibilities
- e) All employee trading or participation in businesses that compete with the Group need to receive prior clearance from the Compliance Department in line with Rynat's Personal Account Trading policy
- f) Non-Group related executive or non-executive roles are only possible with prior permission, unless this relates to social causes
- g) Employees are prohibited from personally trading using the knowledge gained from inside/non - public information

- h) Rynat’s regulations on trading (including trading during closed or sensitive periods) and safekeeping of confidential information also apply on its employees fully at all times

### Identification and Management of Conflicts of Interest

Conflicts of interest are unavoidable in financial institutions such as Rynat with a diverse range of activities, including those trading as Principal with their clients. Rynat seeks to manage conflicts of interest fairly at all times.

Rynat hereby identifies and discloses a range of circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more clients. Such a conflict of interest may arise if Rynat or any person directly or indirectly employed, remunerated or controlled by Rynat and its affiliates, or a client, is likely to make a financial gain, or avoid a financial loss, at the expense of a client.

When considering whether a Conflict of Interest does, or might exist, the Company takes into consideration the following:

1. Is the Company or any related persons likely to make a financial gain, or avoid a financial loss, at Client’s expense?
2. Does the Company or any related persons have an interest in the outcome of the service provided to the Client which is separate and distinct from the Client’s interest?
3. Does the Company or any related persons have a financial or other incentive to favor the interests of one Client (or group of Clients) over the interests of another Client?
4. Does the Company or any related persons carry on the same business as the Client?
5. Does the Company or any related persons receive any inducement (e.g. gifts or services) from any third party other than the standard commission or fee for that service?

We also map out here below our approach to managing the most common indicative areas of conflicts of interest:

| Circumstances of potential conflict of interest*  | Our approach to managing these (indicative actions)   |
|---|---|
| <p><b>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.</b></p> <p><b>This means that:</b></p> <ul style="list-style-type: none"> <li>• <b>The client may only close each position he trades with us.</b></li> <li>• <b>The client’s positions are not transferable to any other regulated investment firm. In CFDs, clients can only trade / close their position with the investment firm – broker they initially opened their position with.</b></li> <li>• <b>If clients make profit or loss on their trading Rynat gains only its markups.</b></li> </ul> | <ul style="list-style-type: none"> <li>• We have introduced an Order Execution Policy that sets out our obligations in delivering Best Execution to our clients.</li> <li>• Best Execution is the process by which Rynat seeks to obtain the best possible result when executing client orders.</li> <li>• Generally, Best Execution is determined based on 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 on Foreign Exchange is 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</li> </ul> |

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|   | <p>regulatory authority of the number of winning and losing clients.</p> <ul style="list-style-type: none"> <li>• We disclose our Spreads and charges on our trading platform</li> <li>• Our marketing communication is developed based on being fair, clear and not misleading to clients and is issued following approval by the Compliance department.</li> </ul>  |
| <p><b>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.</b></p> | <ul style="list-style-type: none"> <li>• All trading platform parameters are symmetrical.</li> </ul>  |
| <p><b>Rynat, its employees, 3<sup>rd</sup> parties acting on behalf of or based on specific agreements with Rynat (such as introducers, websites and social media) may have an interest in maximizing trading volumes to increase dealing revenues or their variable remuneration pay. This may be inconsistent with the need for clients to trade prudently or for minimizing clients' transaction costs. Rynat employees may also receive bonuses or other form of variable pay that links to the trading performance of clients.</b></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 claw back of any awards and / or termination of employment.</li> <li>• Awards are structured 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>• We do not engage with third party introducers which operate call centers.</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 Safe cap.</li> <li>• Local registrations with regulatory authorities have been adhered to by affiliates where appropriate.</li> </ul> |
| <p><b>Where investment research or market information is provided this does not take account of the circumstances and investment objectives of individual clients. Rynat or legal and natural persons affiliated with it may have a</b></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> </ul>  |

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| <p><b>position or trade in financial instruments that may be covered by such investment research.</b></p>   | <ul style="list-style-type: none"> <li>• Market research is performed on behalf of Rynat Trading Ltd 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 Rynat or its holding company or affiliates trade in any form of financial instrument for the purpose of short term financial gains.</li> </ul> |
| <p><b>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.</b></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>• Other indicative points as set out in the Code of Conduct extracts of which are set out above.</li> </ul>   |

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

### **Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment and/ or Ancillary Services, the Client is consenting to all the provisions of this Policy.

### **Disclosure of Conflicts of Interest**

In the case where the measures put in place are not sufficient to avoid or manage a conflict of interest relating to a client, Rynat will disclose the conflict of interest before undertaking further business with the client.

### **Monitoring**

The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate. The Compliance Department undertakes to carry out an annual review of actual and potential Conflicts and the way they are managed or mitigated. The Board of Directors is advised accordingly, while the review considers whether there are any trends, issues arising from conflicts between the current regulation governing the business activities of the Company and the Company's policies.

The Company also appoints Internal Auditors to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.

### **Updates**

The Company will perform a periodical review of this Policy, at least once a year. The Policy is in line with the Company's operational model, and therefore in case of any changes in the operations, these will be properly reflected in this policy. The most up-to-date version of the Policy can be found on our Website.