

## CONFLICT OF INTEREST POLICY

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## **CONFLICT OF INTEREST POLICY**

AFX Capital Markets Ltd. trading as Quantic (“AFX”) may have interest(s) or relationship(s) in conflict (a “Conflict”) with the interests of or the duties it owes to you (the “Client”) under the agreement governing the supply of Portfolio Management Services by AFX to the Client (the “Agreement”).

AFX provides a range of services to a number of different clients, which may result in situations whereby the Clients interests and the interests of another client or the business may conflict whether in relation to Portfolio management services or any other service offered by AFX. As the trading account the Client opens to be managed is with SuperTradingOnline (STO) the trading name of the Retail FX and CFD part of AFX’s business, you will fall under STO’s order execution policy as if you were carrying out the trade yourself. Please note: as this is a managed account you will not be able to trade yourself. The applicable sections have been included below.

The Client should be aware that AFX has Conflicts which could not be effectively avoided or mitigated without altering the discretionary nature of the prices quoted by AFX when providing trading services. Indeed, by our Account Managers trading in Contracts for Differences on the Clients behalf, the Client will make gains or incur losses as a result of a difference in prices (or exchange rates, as applicable) at which trading positions are respectively opened or closed.

AFX does not normally owe best execution duties to the Client as AFX deals with the Client “on quotes”, so it does not execute orders “on behalf” of the Client. When the Client wants to enter into a particular contract with AFX, it may decide whether or not to do so based on the price (or exchange rate, as applicable) quoted by AFX for that contract. AFX determines the prices (or exchange rates, as applicable) at which it is prepared to enter into a contract with the Client (and the relevant bid-ask spread) in its absolute discretion, taking into account the price levels quoted by competitors and other intermediaries, general market conditions as well as other factors such as the exposure of AFX to the underlying financial instruments.

The Client should be aware and accept that this pricing process involves Conflicts which are intrinsic in the investment business AFX carries out when providing trading services to its clients. AFX will provide trading services to the Client on the basis that the Client is satisfied with the pricing policies and practices of AFX and believes that AFX’s pricing provides a fair treatment of the Client’s interests.

Where AFX may reasonably take steps to avoid or mitigate Conflicts arising in the supply of investment services which are likely to significantly affect the Client’s interests, AFX will do so in accordance with this Conflict of Interest Policy which contains provisions, among others, designed to:

(a) describe the main sources of Conflicts or potential Conflicts with the Client’s interests which may arise in the supply of services by AFX;

(b) establish the procedures by which such Conflicts will be identified and managed by AFX from time to time;

(c) set forth the cases where the existence of a Conflict must be disclosed to the Client before AFX can execute an order or enter into a transaction under the Agreement, so that the Client may decide whether or not to confirm the order or transaction; and

(d) establish the procedures by which the Conflict of Interest Policy will be revised when needed or periodically updated.

For the purposes of such document, AFX includes its affiliates, employees, appointed representatives, tied agents, contractors or any person directly or indirectly linked to them by control.

### **Identification of the Conflicts of Interest**

AFX has systems and protocols in place to identify potential Conflicts. Once a Conflict has been identified, procedures are implemented to ensure it is appropriately managed. A potential Conflict occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of a client, including where:

(a) AFX is likely to make a financial gain, or avoid a financial loss, at the expense of the client; or

(b) an AFX employee is likely to make a financial gain, or avoid a financial loss, at the expense of the client; or

(c) a client of AFX is likely to make financial gain or avoid a financial loss at the expense of another client.

### **Procedures to Manage Conflicts of Interest**

AFX established procedures designed to identify and manage Conflicts. These include a number of organizational and administrative arrangements to safeguard the interests of clients and minimize the potential for Conflicts to arise.

AFX adopts a number of approaches to manage Conflicts and control the movement of confidential information. The following is a non-exhaustive list of these controls:

(a) segregation of duties and responsibilities, supervision for persons engaged in different business activities including procedures for ensuring appropriate communication between business units, for example, through the operation of information barriers, physical separation of staff and maintenance of a policy of independence which requires AFX staff, when providing services to a client, to act in the best interests of the client and to disregard any conflicts of interest;

(b) personal account dealing restrictions applicable to all staff, and their associates, regardless of seniority;

(c) control over sources of remuneration of relevant persons;

- (d) protocols to ensure that no improper inducements are given or received and proper inducements are disclosed appropriately;
- (e) gifts and personal benefits procedures including a gift register recording the solicitation, offer or receipt of certain benefits;
- (f) external directorship policy, including the requirement for all external directorships and outside business interests to be declared;
- (g) in some circumstances declining to act for a client or potential client; and
- (h) the provision of training to directors and employees of AFX on Conflict management.

### **Conflict Disclosure**

Where AFX considers, with reasonable confidence, that the arrangements in place to manage potential and/or actual Conflicts are not sufficient to avoid material risk of damage to a client's interest, AFX will disclose the general nature and/or sources of the Conflict to the client before undertaking any business for the client.

### **Revision**

AFX will revise this policy from time to time by:

- (a) identifying new types of Conflicts or potential Conflicts as they emerge in the supply of investment services to its clients;
- (b) reviewing the effectiveness of the procedures and arrangements by which Conflicts are managed and considering possible amendments or supplements to such procedures and arrangements; and
- (c) submitting such amended or supplemented procedures and arrangements to the approval of its management body.

### **Further Information**

This policy is effective as of March 2016.

AFX remains at the Client's disposal to provide any further information in connection with the procedures adopted to identify and manage Conflicts. Please feel free to contact us using the details below.