Conflicts of Interest Policy

1. Introduction

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing a service and carrying out regulated activities, as their existence may lead to material risk of damage to a client's interests. This document sets out Notesco UK Limited (hereafter "the Company")'s policy for the management of such conflicts of interest.

The Financial Conduct Authority (FCA) sets out obligations in SYSC 10, COBS 12 and Principle 8 to which this document is prepared.

This document does not intend to create third party rights or duties or form part of any contractual agreement between the firm and any client. This policy may be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

Whilst the FCA rules are important to be adhered to by all of the Company's staff, they are non-exhaustive, and certain other additional rules may apply to readers who are members of professional associations, or by virtue of their job role. Failure to follow any of the rules whether by express breach, or failure to follow any of the spirit of identifying, mitigating and managing conflicts of interest may also be a breach of an employment contract. Disciplinary action may be taken by the Company, or in serious cases by the FCA, or the Department of Business, Enterprise, and Regulatory Reform.

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest you should contact the Compliance Officer.

2. Background

The Company is a limited company which is authorised and regulated by the FCA to conduct investment intermediation activities. The Company acts as a matched principal or riskless principal broker and generally hedges market risk with Notesco Financial Services Ltd (this is an affiliated entity) based in Cyprus which provides an online platform for clients to direct their own trades in FX CFD's or in circumstances where it provides an STP/ECN service on a matched principal agency basis, the matching transactions will be executed with the relevant liquidity provider.

This document aims to set out these potential conflicts and the procedures in that are in place to be followed and measures to be adopted in order to manage such conflicts.

Conflicts of interest may occur between a customer and the Company, including its managers, employees or any persons directly or indirectly linked to the firm, or between two or more clients.

Treating Customers Fairly is central to the core values of the Company. There is an embedded culture that understands what acceptable and unacceptable behavior is. As such, conflicts of interest and the identification / management / mitigation thereof are central to this philosophy and culture.

3. Conflicts of Interest

Definition

An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of:

- The Company (including its managers, employees and appointed representatives or any person directly or indirectly linked to them by the control) or
- its associates

and the interest of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests.

Identifying situations where a conflict may arise

The circumstances giving rise to conflicts of interest includes all cases where there is a conflict between the:

- interests of the Company, an individual member of staff, certain persons directly or indirectly connected to the Company; and the duty that the Company owes to a client;
- differing interests of two or more clients, as the Company owes a separate duty to each of them.

Conflicts of interests could prejudice a client in various ways, whether or not the Company suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. For the purposes of identifying the types of conflicts of interest that arise, or may arise, the Company must take into account, as a minimum whether the firm, a relevant person (e.g. a director, employee or an appointed representative or a director, partner or employee of an appointed representative or a person who is directly involved in the provision of services to the firm or its appointed representative under an outsourcing agreements) or a person directly or indirectly linked by control to the firm:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of the service to, or a transaction carried out for, a client which differs from the client's interest;
- has a financial or other incentive to favour one client (or group of clients) over the interests of another;

- carries on the same or similar business as the client; and/or
- receives an inducement from a third party in the execution of the service provided to the client, other than the standard commission/fee for that service.

The Company has identified the following general types of potential conflicts of interest. Conflicts of interest may arise because:

- a transaction is effected in securities in respect of which the firm or an associate, or a director or employee of the firm or an associate, is contemporaneously trading or has traded on its/their own account or has either a long or short position;
- the firm may, when acting as agent for a client, match an order of the client with an order of another client for whom it is acting as agent.

Prevention and management

The Company has identified specific potential conflicts of interests which may arise in relation to its activities. The general nature and/or source of these conflicts will be disclosed to clients before undertaking business in sufficient detail to enable the client to make an informed decision about the service in the context in which the conflict has arisen. For each potential situation, the Company has analysed whether or not the risk is actual or potential for one or more of its clients.

It is not always possible to prevent actual conflicts of interest from arising. In that case the Company will try to manage the conflicts of interests by:

- having effective procedures to prevent or control the exchange of information between relevant persons 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;
- 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 the Company;
- 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;
- 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 or ancillary services or activities where such involvement may impair the proper management of the conflicts of interest.

More specifically, the Company states some of the policies and procedures that it has implemented for managing possible conflicts of interest below:

- Establishment of Chinese Walls for preventing the communication of material non-public information between departments,
- The supervision and segregation of duties of relevant persons who are involved in the provision of services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company,
- Establishment of an ongoing monitoring program based on which regular checks are conducted for the assessment of the Company's procedures, policies and internal controls,
- In the case where the Company distributes marketing communication to its clients, it ensures that the said communication is reviewed and approved by the compliance officer prior to distribution. The compliance officer also ensures that such communication meets the relevant definition of marketing communication as well as having the appropriate disclosure statement,
- For avoiding any abuse of position, the four-eye principle is implemented,
- Personal account dealing restrictions are in place for minimising the relevant person's own transactions.
- Procedures set for regular review and monitoring of the execution arrangements with the execution venues, hedging/ liquidity or price providers.
- Establishment of an Order Execution Policy aiming to take all sufficient steps to obtain the best possible result either when executing client orders or receiving and transmitting orders for execution.
- No remuneration, discount or non-monetary benefit is accepted by the Company or a relevant person which would infringe the requirements on conflicts of interest or inducements or order execution rules.
- Procedures in regards to the monitoring of access to electronic data
- Implementation of the Company's Remuneration policy where the remuneration structure of the Company and the limits set for the avoidance of a conflict of interest situation are described.
- In the context of the production or arrangement for the production of investment research that is intended or likely to be subsequently disseminated to the clients or to the public, the Company shall ensure that the relevant persons engaged in investment research carry on such activities at a level of independence appropriate to the Company and to the risk of damage to the interests of clients.

Inducements including gifts and hospitality

The Company maintains business relationships with third parties who may remunerate the Company in the form of fees which can constitute monetary or non-monetary benefits thereby impairing the Company's fiduciary duties to the client. The FCA Rules classify these as inducements. Further details are included in the Compliance Manual.

Gifts and hospitality could lead to potential conflicts of interest. No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Policies and procedures have been implemented to ensure that staff and their connected persons do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial. These include gifts or hospitality below £150 per person which must be notified to the Compliance Officer and where the amount is above this level, written approval from the Compliance Officer should be obtained. These policies are set out in the Compliance Manual. All employees must act with the highest standards of integrity to avoid any allegations of conflicts of interest.

A record is kept by the Compliance Officer of any gifts or hospitality received or given.

Where an invitation to a hospitality event could be construed as being a business inducement, it must be declined and the Compliance Officer informed.

Personal account dealing

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 company'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.

The Company's Personal Account Dealing Policy has been established to ensure that personal account dealing by members of staff comply with this policy. This includes a requirement for pre-deal approval from the Compliance Officer.

The Company's Personal Account Dealing policy is set out in the Compliance Manual.

Outside employment and business interests

No employee may engage in any additional occupation without the consent of the Company. In certain circumstances, consent may be withheld.

Employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Compliance Officer and Senior Management.

Disclosure of conflict of interest

In case where, the organisational and administrative arrangements established by the Company to prevent or manage a conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the clients will be prevented, the Company shall clearly proceed with the disclosure of such conflict.

Prior to carry out a transaction or provide an investment or an ancillary service to a client, the Company should disclose any actual or potential conflict of interest to the client provided that the measures taken by the Company are not sufficient to ensure that the risks of damage to the interests of the client will be avoided.

The above disclosure shall include sufficient detail, taking into account the nature of the client, source of conflicts of interest, the risks to 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. The Company reserves the right not to proceed with the transaction or matter giving rise to the conflict if such disclosure is not sufficient to manage a conflict.

Record Keeping

Under SYSC 10.1.6 the Company must keep and regularly update a written record of the kinds of investment or ancillary services or activities carried out by or on behalf of the firm 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 ongoing service or activity, may arise. These records will be for a minimum of six years from the date of creation and are maintained on an ongoing basis by the Compliance Officer.

Segregation of Duties

There are several distinct tasks within the business that could lead to potential conflicts of interest that are mitigated by them being segregated from the individuals directly involved in the task.

Remuneration and oversight

The management oversight and determination of appropriate remuneration of members of staff is conducted by the Company's senior management. Remuneration for senior staff is based on the overall results of the firm and is not based on the success of any transaction. Remuneration for sales staff is partly based on business production.

Staff are subject to appropriate management and supervision to ensure that the Company is able to demonstrate that it has appropriate and effective arrangements in place to ensure that conflicts of interest are properly managed.

Information Barriers

The Company maintains appropriate policies in its Information Security and Data Protection Policy and Compliance Manual detailing Information Barriers so as to limit or withhold the use of information that is price-sensitive, confidential, and could give rise to market abuse, restrictions on dealing, conflicts of interest, or any other improper or unethical activities.

The Company also maintains and periodically updates the Restricted Lists of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information.

The Compliance Officer monitors along with the relevant business line managers the effectiveness of these Information Barriers. In some circumstances staff may be taken "across the wall." Where this happens the Compliance Officer must be notified and a record made thereof, along with updating of the Restricted List.

4. Reporting

Conflicts of Interest situations or potential conflicts situations should be reported to the Compliance Officer immediately.

Should you have any questions in relation to the Company's conflict of interest policy, please contact us at Compliance@FXGiants.co.uk

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