



**GWG (CYPRUS) LIMITED**

## CONFLICTS OF INTEREST POLICY

<b>CONFLICTS OF INTEREST POLICY</b>	
<b>APPROVER(S):</b>	<b>Board of Directors</b>
<b>OWNER:</b>	<b>GWG (Cyprus) Ltd</b>
<b>CONTACT PERSON:</b>	<b>Head of Compliance</b>
<b>CREATION DATE:</b>	<b>May 2022</b>
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## 1. Introduction

This summary of Conflicts of Interest Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 L. 87(I)/2017, as amended from time to time (“the Law”), pursuant to which **GWG (Cyprus) Ltd** (“the Company”) is required to take all appropriate steps to detect and prevent conflicts of interest.

The Company is committed to act honestly, fairly and professionally and in the best interests of its clients and to comply, in particular, with the principles set out in the above legislation when providing investment services and other ancillary services related to such investment services.

## 2. 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 Company has taken all appropriate steps to identify and prevent or manage conflicts of interest which may arise between the Company (including its directors, managers, employees and any person directly or indirectly linked to the Company by control) and its Clients or between one Client and another that arise in the course of providing any investment and ancillary services, or combinations thereof, including the Company’s own remuneration scheme and other incentive structures.

If the steps taken by the Company to prevent or manage or mitigate conflicts of interest from negatively affecting the interests of its Clients are not sufficient, the Company shall clearly disclose to the Client, as per Section 8 below, the general nature and sources of conflicts of interest as well as the risks to the Client and all the remedial actions taken to mitigate those conflict of interest.

## 3. Scope

The Policy applies to all the Company’s directors, managers, partners, employees, any persons directly or indirectly linked to the Company and any persons who are directly involved in the provision of services to the Company under an outsourcing agreement (hereinafter called “Relevant Persons”) and refers to all interactions with all Clients.

## 4. Identification of Conflicts of Interest

When the Company deals with or on behalf of the Client, the Company, an associate, or some other person connected with the Company may have an interest, relationship, or arrangement in relation to the Transaction concerned that it conflicts with the Client’s interest.

The Company has identified the following, but not limited to, circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more Clients, because of the Company’s business, organizational arrangements, remuneration practices, best execution arrangements and marketing communication procedures:

- (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 may be acting as the counterparty to the Clients’ trade (i.e. acting as a Principal in clients’ orders) and therefore stands to a profitable position if the Client loses;



- (c) The Company may use affiliated or group entities to execute clients' transactions. Hence the company may benefit from a commission, fee, or non-monetary benefit, or may have a direct or indirect interest in a transaction that is contrary to the client's best interest;
- (d) the Company or a Relevant Person may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading in the form of monies, goods, or services, other than the standard commission or fee for that service;
- (e) the Company or a Relevant Person may have 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;
- (f) the Company or a Relevant Person may have a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- (g) the Company or a Relevant Person may carry on the same business as the Client;
- (h) the Company or a Relevant Person may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs;
- (i) any market information, training and discussions as regards possible market trends should not be construed as investment advice or investment research. It is the Client's responsibility to perform their own market research before entering any position.
- (j) The simultaneous involvement of an employee and relevant person in an investment or ancillary service, where such an involvement may impair the proper management of Conflicts of Interest.
- (k) Any other conflicting interest of relevant persons, shareholders, directors or agents of the Company in conjunction with the client's best interests.

## 5. General Procedures and Controls for Preventing and Managing Conflicts of Interests

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures (list is not exhaustive):

1. The Company undertakes on-going monitoring of its business activities to ensure that internal controls are appropriate;
2. Staff members are required to immediately notify the Company in case they perceive that a conflict of interest may be created due to the undertaking of a specific task/work;
3. The Company undertakes 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;
4. The separate supervision of Relevant Persons whose principal functions involve providing services to Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company;



5. 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;
6. Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Relevant Person carries out investment services;
7. Measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate investment services where such involvement may impair the proper management of conflicts of interest;
8. Segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
9. A policy designed to limit the conflict of interest arising from the giving and receiving of inducements;
10. All employees of the Company are prohibited from accepting gifts or other inducements from any person with any material interest which is likely to conflict to a material extent with any duty which the Company and/or its employees owe in connection with its treating customers fairly policy or any duty which such a recipient owes to customers;
11. Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments;
12. A “need-to-know” policy governing the dissemination of confidential or inside information within the Company;
13. Procedures governing access to electronic data;
14. Effective procedures to ensure that the persons that produce marketing communications and/or marketing material comply will all provisions of this Policy in relation to conflict of interests that may arise from the performance of their duties;
15. Before the publication of marketing communications and/or marketing material, they are being reviewed for the purposes of verifying the accuracy of factual statements or for ensuring that they are in line with the Company’s marketing guidelines and requirements;
16. Personal account dealing requirements applicable to Relevant Persons in relation to their own investments;
17. Execution arrangements to obtain the best possible result, “best execution” when executing client orders;
18. the Company’s execution arrangements and policies are subject to an annual review by the Company’s Compliance Department;



19. Where the Company executes an order for a client, it does not give any preferential treatment to that Client to the detriment of other client and does not disclose the details of one client order to other clients;
20. The Company's execution procedures provide for the prompt, fair and expeditious execution of customer orders, relative to other orders. These procedures allow for the execution of otherwise comparable orders in accordance with the time of their receipt;
21. Establishment of in-house Compliance Department for performing ongoing monitoring to ensure that appropriate systems and controls for preventing and managing conflict of interests are maintained and are appropriately followed, and which reports to the Company's Board of Directors;
22. 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 Company's Board of Directors;
23. Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors;
24. Establishment of the "four-eyes" principle in supervising the Company's activities;
25. The Company maintains and regularly updates a Conflicts of Interest register. It logs all the conflicts of interest that may arise as a result of the provision of investment and ancillary services by or on behalf of the Company that may entail a risk of damage to the interests of one or more Clients;
26. The Senior Management of the Company receives on a frequent basis, and at least annually, written reports on the situations referred to in the Company's Conflicts of Interest register.

## 6. Specific Identification of Conflicts of Interest and Measures for their Management

The Company is constantly conducting an in-depth analysis of its business and organisational arrangements, including best execution arrangements, inducement practices, remuneration practices and investment research/marketing communication procedures, to ensure that all likely conflict of interest situations are identified, regardless of materiality. Moreover, the Company has policies and procedures in place on product governance to ensure that its products are manufactured and distributed in accordance with the intended target market.

### 6.1. Remuneration of Staff:

The Company's employees are remunerated with a fixed salary, approved by the Board of Directors.



In case the need arises for the Company to offer variable remuneration to any of its employees, then any potential conflicts arising due to this type of remuneration, the following procedures and arrangements will be applied:

- a. The variable Remuneration is not provided until a specific period of time has passed. Under this measure, the Company aims to lessen the risk of a short-term speculative mindset especially in sales staff. The variable Remuneration practice is structured to align the long-term interests of the staff and the direct and continuous best interest of the Clients.
- b. The Company awards variable Remuneration only when the relevant departments of the Company have conducted their duties according to the regulatory requirements (clear, fair, and not misleading information to the Client).
- c. The Company monitors via a variety of methods the Departments (especially sales staff) that receive variable Remuneration in order to ensure whether they are acting in the best interest of their clients. Company records all calls between the sales and Clients whereas Compliance performs sample checks of the recorded calls and makes a relevant monthly report to the Board of Directors of the Company.
- d. The Company proceeds in an on-going education of the key functions of the Company to update their knowledge and be consistent with the regulatory requirements.

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

- a. 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;
- b. 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; The dissemination of confidential information between the Company's entities, related parties and outsourced service providers is at all-time subject to established information barriers. Confidential information may only be disclosed to those persons who need it to serve the legitimate interests of the Company and its clients and who can be expected to keep it in confidence in accordance with the policy regarding information barriers.
- c. 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.
- d. The Compliance Function has in place monitoring procedures for the services provided by related parties and outsourced service providers.

## 6.3. 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/her. Further, the Client consents to and authorises 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 interest in a Transaction, without prior reference to the Client, provided that the Company is taking measures to mitigate the Conflicts of interest.

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

## 6.4. Disclosure of Information

The Company must adequately consider how to manage all conflicts of interest before resorting to disclosure. Disclosure will be a last resort after all appropriate steps have been taken.

If during the course of a business relationship with a Client or group of Clients, the organisational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or group of Clients.

The disclosure will:

- be in a durable medium;
- clearly state that the organisational and administrative arrangements established by the Company to prevent or manage the conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented;
- include a specific description of the conflicts of interest that arise in the provision of investment services and ancillary services;
- explain the general nature and sources of conflicts of interest;
- explain the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks;
- include sufficient detail, taking into account the nature of the client, to enable the Client to make an informed decision with respect to the services in the context of which the conflict of interest arises.

If a client decides not to go ahead with the service due to the conflict disclosed, the Company will have no choice but to decline the provision of services to the client if the conflict cannot be effectively managed.

## 7. Amendment of the Policy and Additional Information

The Company's Compliance Department and the Board of Directors shall review and amend, if needed, this Policy, at least on an annual basis.

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Company and the Client.

Should you require any further information and/or have any questions about conflicts of interest, please direct your request and/or questions to [compliance@gwtrade.eu](mailto:compliance@gwtrade.eu) .