

CONFLICTS OF INTEREST POLICY



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1. INTRODUCTION

1.1. This Client Agreement is entered by and between Top Markets Solutions Ltd (“the Company”), operating under the trade name Earn¹, a company established under the laws of the Republic of Cyprus (HE272810), authorized and regulated as a Cyprus Investment Firm by the Cyprus Securities and Exchange Commission, under license number 258/11, and with registered address: 5 Esperidon, 4th floor, 2001, Nicosia, Cyprus.

1.2. The present Conflict of Interest Policy of the Company (hereinafter «Policy») is established in accordance with the:

- Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended from time to time (“MiFID II”);
- the Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities, and the operation of regulated markets and other related matters, as amended from time to time (the “Law”);
- the Investment Services and Activities and Regulated Markets Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II;
- the Commission Delegated Regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- Section 2 of the Questions and Answers of the European Securities and Markets Authority (“ESMA”) with respect to the provision of CFDs and other speculative products to retail investors under MiFID.

2. SCOPE

2.1. The present Policy sets out the Company’s general principles, approach, and main measures, used by the Company to prevent, detect and effectively manage any conflicts of interest that may arise in the course of business. The Policy applies to all directors, employees and any persons directly or indirectly linked to the Company (hereinafter called “related persons”) and refers to all interactions with Customers.

2.2. This policy seeks to implement a procedure for identifying, managing, controlling and if necessary disclosing the conflict of interest arising in relation to its business and to reduce the risk of client disadvantage, legal liability, regulatory censure or damage to Company’s commercial interests and reputation. The Company is committed to act honestly, fairly and professionally and in the best interests of its Clients when providing investment services and other ancillary services related to such investment services.

¹ In accordance with CySEC Circular C108, please be informed that the previous name of Top Market Solutions Ltd operating under brand name Earn was TeleTrade-DJ International Consulting Ltd operating under brand name TeleTrade Europe.

3. IDENTIFICATION OF CONFLICTS OF INTEREST

3.1. 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 Customer, the Company takes into account, whether the Company or a relevant person, 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 a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;

(b) The Company or a relevant person has an interest in the outcome of a service provided to the Customer or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;

(c) The Company or a relevant person has a financial or other incentive to favor the interest of another Customer or group of Clients over the interests of the Client;

(d) The Company or a relevant person participates in the same business as the Client;

(e) The Company or a relevant person receives or will receive from a person other than the Customer an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

3.2. The Company will keep and regularly update a record of the kinds of investment or ancillary service or investment activity carried out by or on 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 ongoing service or activity may arise.

3.3. In identifying circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, it is important to note for the purposes of this Policy that the Company and/or its affiliates and/or its Directors and/or its employees do not engage in the activities of investment advice, proprietary trading, portfolio management and corporate finance business; including underwriting or selling in an offering of securities and advising on mergers and acquisitions, unless otherwise is stated in a separate agreement.

The 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 or manager of the Company
- e) Between Company's Departments

3.4. Where conflicts are identified, the responsible officer will determine how the conflict will be

prevented or managed. If procedures are deemed by the Responsible officer to not be sufficient in ensuring, with reasonable confidence that risks of damage to the interests of a client will be prevented, the Company will disclose the general nature and/or sources of conflict of interest to the client before undertaking business for the client.

4. FACTORS, CONDITIONING ARISING OF THE CONFLICTS OF INTEREST

4.1. Factors, conditioning the arising of the conflicts of interest, are:

- 4.1.1. Noncompliance by the Employees of the Company legislation of the Republic of Cyprus, Directives, and Regulations of the Cyprus Securities and Exchange Commission, the regulated activity of Cyprus Investment Firms, noncompliance with the standards of business and professional ethics,
 - 4.1.2. Abuse of authority by the Employees of the Company,
 - 4.1.3. Noncompliance with the set limitations on transaction performance,
 - 4.1.4. Non-fulfilments of obligations by any Party by agreements (transactions), concluded by the Company;
 - 4.1.5. Noncompliance with the priority of the Clients' Instructions,
 - 4.1.6. Occurrence of Situations, where the Employee of the Company or Affiliated Persons may receive the financial profits or avoid financial losses at the expense of Client;
 - may have interest in the result of the services, provided to the Client, or transaction, proceeded on behalf of the Client, which differs from the Client's benefit;
 - may have financial or other motives to put the interests of one Client above the other;
 - may perform the same activity, as a Client, and use the information, received from the Client aiming to gain a profit;
 - may receive from the persons, other than Client, inducement, related to the services, provided to the Client, in form of cash, goods, or services, which differ from standard commissions or fees for these services.
- 4.2. The list of factors in paragraph 4.1 is not exhausted. During evaluation of each certain situation other factors may be considered, related to the occurrence of the conflicts of interests.

5. PROCEDURES AND CONTROLS TO MANAGING CONFLICTS OF INTERESTS

5.1. In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures:

- (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) A 'need to know' policy governing the dissemination of confidential or inside information within the Company;
- (f) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments;
- (g) Procedures governing access to electronic data;
- (h) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual;
- (i) Personal account dealing requirements applicable to relevant persons in relation to their own investments;
- (j) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements;
- (k) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors;
- (l) Appointment of Internal auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors;
- (m) Establishment of the four-eye principle in supervising the Company's activities;
- (n) The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

5.2. Further, to avoid any occurrence of conflicts of interest the Directors and Employees of the Company are obliged to:

- comply with requirements of the legislation of the Republic of Cyprus, Directives and Regulations of the Commission, and internal documents of the Company;
- follow the standards of business and professional ethics;
- follow conditions of the concluded agreements (trades) by the Company;
- follow the set limitations of performance of transactions (trades), including transactions with affiliated companies and interested parties;
- follow priority on the proceeding of Clients' Instructions;
- provide timely disclosure of reliable information (including accounting and other published statements) to be disclosed;
- provide on a regular basis, at least once per month, reports on all transactions of the Company, including transactions with the Affiliated persons of the Company (if any), to the Board of Directors;
- provide effective risk management, including the risk of loss of business reputation;

- ensure the safety of confidential information, official and commercial secrets, and the safekeeping of personal data;
- 4.3. The measures indicated in paragraph 5.2. are non-exhaustive. For each certain situation, other measures may also be used, directed to prevent any occurrence of the conflict of interests.

6. PERSONAL CONFLICTS

- 6.1. The possibility that an employee's actions or decisions may be affected due to an actual or potential divergence between or among the interests of the Company, the Company's clients and/or the employee's own personal interests is a common factor to many conflict of interest situations. The Company tries to set out examples of areas in which an employee may encounter a conflict of interest and details of the Company's policies in relation to each.
- a. **External Business Interests:** Employees should avoid other employment or business activities, including personal investment that interfere with their duties to the Company, divide their loyalty or create or appear to create a conflict of interest. Each employee should promptly report any situation or transaction involving an actual or potential conflict of interest to the Compliance Officer who in turn shall report to the Board of Directors. Following determination whether a conflict exists or is harmful, the employee should terminate all such external business interests unless approval to continue by the Compliance Officer is provided.
 - b. **Interests in competitors, members or suppliers:** Except with the prior written approval of the Compliance Officer, no employee or member of his/her immediate family shall serve as an employee, officer, director or trustee of, or have any substantial interest in or business relationship with, a competitor, member, or supplier of the Company that could create a divided loyalty, or the appearance of one. Immediate family members means (a) any spouse, children, parents or siblings or (b) any relative to whose support the employee contributes either directly or indirectly and who shares the employee's household.
 - c. **Receipt of Gifts and/or Inducements:** No employee or member of his/her immediate family shall solicit or accept from anyone that does business or competes with the Company any compensation, gift of cash (or equivalent), significant gift, loan, lavish entertainment (including, but not limited to, meals, sports events, and concert and theatre events), inducement including a fee commission or any other substantial non-monetary benefit. Upon receipt of a gift or inducement from a third party, all employees must report this immediately to the Responsible officer who shall keep a log registering such gifts and/or inducements. Any gifts that are received must be promptly delivered to the Responsible officer. The Responsible officer will, in his or her discretion, determine whether a gift can or should be kept by the employee or returned to the donor.
 - d. **Interests in Transactions:** No employee or a member of his immediate family shall engage in any transaction involving the Company if the employee or member of his immediate family

has a substantial interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee's normal compensation), except as specifically authorised in writing by the Compliance Officer. No employee shall acquire or derive personal gain or profit from any business opportunity or investment that comes to his or her attention as a result of his or her association with the Company and in which he or she knows the Company might reasonably be expected to participate or have an interest, without first disclosing in writing all relevant facts to the Company, offering the opportunity to the Company and receiving specific written authorisation from the Compliance Officer. All directors and employees are required to notify the Compliance Officer of any outside business interests.

7. TRADING CONDUCT

- 7.1. Traders employed by the Company in the capacities involving the provision of Dealing on Own Account or Portfolio Management must observe high ethical and professional standards and comply with all applicable laws and regulations. Failure of traders to follow the firm's written policies may result in disciplinary action.
- 7.2. **Registration and Licensing:** All traders must be properly licensed and registered in the Public Register of the competent regulatory authority, CySEC. All trading employees must be appropriately qualified. The trader's direct supervisor must ensure that the appropriate registrations are in place prior to allowing an employee to trade.
- 7.3. **Trading Limits:** Traders may not exceed trading limits without the oral pre-approval of their direct supervisor who will keep a written record of such approvals.
- 7.4. **Confirmation Disclosures:** Confirmation of trades must disclose the trading capacity (agency or principal).
- 7.5. **Insider Information/ Insider Trading:** Traders may encounter non-public material or information through their peers at other brokers/ dealers or through other means or sources. Traders must be familiar with the regulations concerning:
 - Passing on material non-public information, whether or not for gain, to other trading professionals or members of the public.
 - Trading on material non-public information or encouraging others to do so.
- 7.6. **Confidentiality of transactions:** Transactions of the firm and its clients, and the identities of those clients, are confidential and may not be shared with any outsiders, including other traders, and may be shared inside the Company only on a need-to-know basis, or as allowed by the applicable laws and regulations.
- 7.7. **Front-running:** Front-running is the purchase or sale of a security in advance of an order in the same or a related security in anticipation of a benefit. Knowledge of such orders could be considered possession of material non-public information. Thus front-running not only

violates regulatory restrictions, but also has the potential of violating laws relating to insider trading. Traders are not allowed to trade in proprietary, personal, relative or client accounts when such trading offers the potential for such accounts to benefit from knowledge of an order in advance. The trader' direct supervisor will review all personal accounts of traders for front-running.

- 7.8. **Improper collaboration of trading activities:** Traders are prohibited from working with other traders in the same securities in any manipulative fashion. Traders are prohibited from intimidating, harassing, coercing or otherwise inducing other traders to conform, align or otherwise manipulate markets. Use of threats, profanity or abusive language in the conduct of business is prohibited. Any reports of possible non-compliance with this policy will be investigated aggressively.
- 7.9. **Trading in employee personal accounts:** Traders and other relevant staff of the Company (as detailed further) may not trade for their own personal accounts (or in any account in which the trader may have a beneficial interest) ahead of clients of the Company. Traders must always give priority to client orders. Employees are prohibited from entering into personal transactions, or counseling or procuring others to do so, where it involves the misuse of inside or client confidential information or if it conflicts, or is likely to conflict, with an obligation of the Company to a customer. This restriction extends to disclosing information, except as required in the normal course of business, where employees know, or reasonably ought to know, that as a result of the disclosure the person, to whom the disclosure has been made, will enter into a transaction, within the scope of this policy, or counsel or procure another person to do so. The Company is required to ensure that employees covered under the scope of this policy are made aware of the restrictions on personal transactions and the measures that the Company has established in connection with personal transactions and disclosure.

In particular, the arrangements under this policy are designed to ensure that the Company is informed promptly of any personal transactions entered into by an employee and that a record is kept of the personal transaction notified to the Company, including any authorization or prohibition in connection with the transaction.

- 7.10. **Employee Permission to Deal:** An Employee restricted by the Conflicts of Interest Policy or the Personal Transactions Policy of the Company, including their immediate family members, must request, in writing, or by email, to the Compliance Officer and their direct supervisor, permission to effect a personal transaction. An Employee, including their immediate family members may not effect a personal transaction until express permission from the Compliance Officer has been confirmed in writing. Should the Compliance Officer's permission be granted, then that permission is valid until the end of seven calendar days from when it was requested unless subsequently notified. The Employee should ensure that after a transaction has been executed in accordance with the permission granted a copy confirmation is sent to the Compliance Officer. Should Compliance Officer permission not be granted to effect a personal transaction, the Employee or their immediate family may not effect that personal transaction. The Compliance Officer will not provide a reason as to why

permission has been refused and the Employee may not disclose to any other person that such permission has been refused.

7.11. Counseling and Procuring: If an Employee or trader is precluded from effecting a personal transaction, they cannot:

- Advise or cause any other person to enter into such a transaction
- Communicate any information or opinion to any other person

7.12. Personal Transactions and Conflicts of Interest: Employees may not undertake a personal transaction in order to prevent potential conflicts of interest between the Company & its members and the Clients, in the following cases:

- a. Relevant employees who are involved into provision of Investment Advice, whereby resulting actions by the Client may influence the price of certain financial instruments (e.g. in regulated markets and/or MTFs with limited market depth), are not allowed to transact in such instruments or any of its derivatives, and are not allowed to solicit or induce transactions in such instruments by any of their related persons, particularly with respect to transactions that related persons are about to effect before or after the provision of the said investment advice;
- b. Relevant employees who are involved into provision of Reception and Transmission or Execution of client orders and therefore have priority access to the client transaction information, are not allowed to transact in any instruments involved in client transaction, and therefore are not allowed to operate trading accounts with the Company.
- c. Relevant employees who are involved into provision of Reception and Transmission or Execution of client orders in financial instruments in regulated markets and/or MTFs with limited market depth, are not allowed to operate trading accounts with access to those markets and/or MTFs neither with the Company, nor outside the Company.
- d. Relevant employees who are involved in technical support of the trading activities and thus have enhanced (“administrator”) accesses to the Company’s trading platforms, are not allowed to operate trading accounts with the Company.
- e. Relevant employees who are involved in back office activities such as setting limits for trading on client accounts, or recording deposit and withdrawals in clients accounts, or otherwise having accesses enabling them to amend client balances in cash and/or financial instruments, are not allowed to operate trading accounts with the Company.
- f. Relevant employees who effectively direct the business of the companies are not allowed to operate trading accounts with the Company in any financial instruments where the Company acts as a principal in its dealings with the client account holders.
- g. Relevant employees who are involved into provision of Portfolio Management and

Investment Advice are not allowed to operate personal trading accounts in any financial instruments that are bought or sold by such persons on client accounts during the course of Portfolio Management services, or recommended to the clients in the course of Investment Advice, whenever such instruments are traded in regulated markets and/or MTFs with limited market depth.

- 7.13. **Minimum Holding Periods:** Effecting personal transactions should not be considered as a short-term speculative activity and, therefore, unless there is a case of economic hardship, members of staff and connected persons are expected to hold investments for a minimum duration of 30 days, except for investments outside the scope of this policy.

8. CONFLICTS OF INTEREST SETTLEMENT

- 8.1. Directors and Employees of the Company use all available legal methods of settlement of the occurred conflicts of interest using the pre-trial procedures in compliance with the interests of the Company and its Clients by the applicable Law.
- 8.2. Persons, involved in the conflicts of interest, cannot participate in its settlement.
- 8.3. In case receiving information on a conflict of interest occurs, the Director of the Company is obliged to make sure of the existence of the conflict of interests and appoint the person (group of persons), responsible for investigation and settlement of the conflicts of interest.
- 8.4. In case of impossibility of resolving the conflict of interests on the level of Director of the Company, the issue shall be considered at the Board Meeting.
- 8.5. In case of impossibility of resolving the occurred conflicts of interest during the pre-trial procedures, the parties of the conflict shall appeal to the Supreme Court of the Republic of Cyprus.
- 8.6. Information on measures accepted for conflicts of interest settlement shall be communicated by the Director of the Company to all parties of the conflict.
- 8.7. The Company will follow the clear separation of operations in different departments;
- 8.8. No Employees are permitted to collect any conflict information themselves, thus fake or concealment of information from investors is minimized;
- 8.9. It is prohibited to invest in Securities for Employees of the Company, on which they have access to non-public or confidential information;
- 8.10. Employees sign an Agreement on Confidentiality. Any related party cannot disclose insider information, excluding cases, when disclosure is required in accordance with the policies and procedures of the Company, or other Employees of the Company or persons outside of the Company, having valid reasons for obtaining the relevant information;
- 8.11. The effective procedures set for information flow control, where the risk of conflicts of interest occurs may bring about damage to the Client's interests ;
- 8.12. The relevant information is recorded in a safe information carrier, which helps to identify and manage conflicts of interest;
- 8.13. The relevant records are recorded relating to those services and activity of the Company, where the conflicts of interest have been identified;
- 8.14. Related Parties are obliged to follow rules on personal account transactions performance;

- 8.15. In some cases the relevant disclosure of information may be performed to the Client in a clear, unbiased, and non-misleading manner for decision-making by the Client;
- 8.16. Annual assessments of the adequacy of the systems and control procedures of the Company have been implemented.
- 8.17. The Company has developed and applies internal organizational measures for conflicts of interest avoidance by control, and management of limitation, respectively, information flows between different spheres of activity or in different departments or subdivisions. Particularly, «Chinese Walls» are key instruments for avoiding conflicts of interest, insiders, or market manipulation risks. «Chinese Walls» include dividing of premises, personnel, reporting lines, files, and IT systems, and managed procedures on personnel movement and information inside of the Company.
- 8.18. The Company developed and implemented policies and procedures and all activities for avoidance or control of potential conflicts of interest. Employees of the Company receive directions and training on policies and procedures, which are subject to control and review.
- 8.19. There is a clear separation between the operations of different departments. Two departments or business divisions shall be controlled by different managers, if the managing by one employee may influence conflicts of interest occurrence. Thus, it excludes the fact, that any one employee will collect conflicting information, and the risk of fake information hiding from investors is minimized.
- 8.20. Salary and bonuses are tied to the revenue of the Company, business, or department, in which the employee works. Salary and bonuses, related to the performance of other departments, with possible conflicts of interest, are excluded in any circumstances.
- 8.21. The Company does not offer, does not require, and does not accept any inducements, that differ from the below:
- Remuneration, commission, or non-monetary inducement, provided by the Client or person, representing the interests of the Client;
 - Remuneration, commission, or non-monetary inducement, provided by the third party or person, acting on behalf of the third party, according to the following conditions:
 - Remuneration, commission, or inducement are disclosed to Client prior to the providing the relevant services; it has been done for quality improvement of the relevant services to the Client and in accordance with the obligation of the Company to act in accordance with the best interest of the Client;
 - The proper remuneration for investment services, such as custody fees, settlement, and conversational commissions, regulators' duties, or legal expenses, which cannot provoke conflicts of interest occurrence with the obligation of the Company to act fair, impartially and professionally, in accordance with the best interests of the Client.
- 8.22. The Company's employees follow the rules, set in order to avoid conflicts of interest, related to their activity outside of the Company:
- Employees of the Company do not accept any gifts except those, which are recognized as acceptable upon their business activity. Excessive gifts from Clients can reflect in conflicts of interest, which shall be avoided by the Company.
 - If no other way of conflict of interests controls or accepted measures cannot provide an adequate level of client interest protection, the conflict will be disclosed for providing the possibility for the Client to take the decision, whether to continue to use the services of the Company in the respective situation.

- The Company may refuse to act for the Client in the case when the Company is sure, that conflict of interest cannot be managed in any other way.

8.23. As listed in paragraph 7 measures are not exhaustive. In each certain situation shall be used and other measures, be directed on conflict-of-interest regulation.

9. REPORTING CONFLICT OF INTEREST

Any suspicion of any conflict of interest must be immediately reported to the supervisor of the relevant department in order to assess any potential material risk of damage. A Conflict of Interest Notification Form must be sent to the Compliance Officer. A Compliance Officer will investigate if any conflict of interest exists and will state the reasons of the findings and will include them in a file stored for referral to the Cyprus Securities and Exchange Commission.

10. DISCLOSURE

When Company becomes aware of a situation where a conflict of interest arises during the course of the business relationship with a Client or group of Clients, the Company will disclose it to a client before undertaking an investment business. However, if the Company believes that the disclosure is not sufficient to manage the conflict the Company may not proceed with the transaction.

11. REVIEW OF THE POLICY

This Policy shall be reviewed periodically and at least on an annual basis by the Company's Conflicts Officer and shall be approved by the Company's Board of Directors. The Company shall take all appropriate measures to address any deficiencies.

12. CLIENTS PRIOR CONSENT

By signing the Operative Agreement, the client agrees and fully accepts all conditions of the present Conflict of Interest Policy of the Company.

13. FURTHER INFORMATION

Further information or details of these conflict management methods are available at any time that the Client requests it by means of durable medium or website www.earn.eu